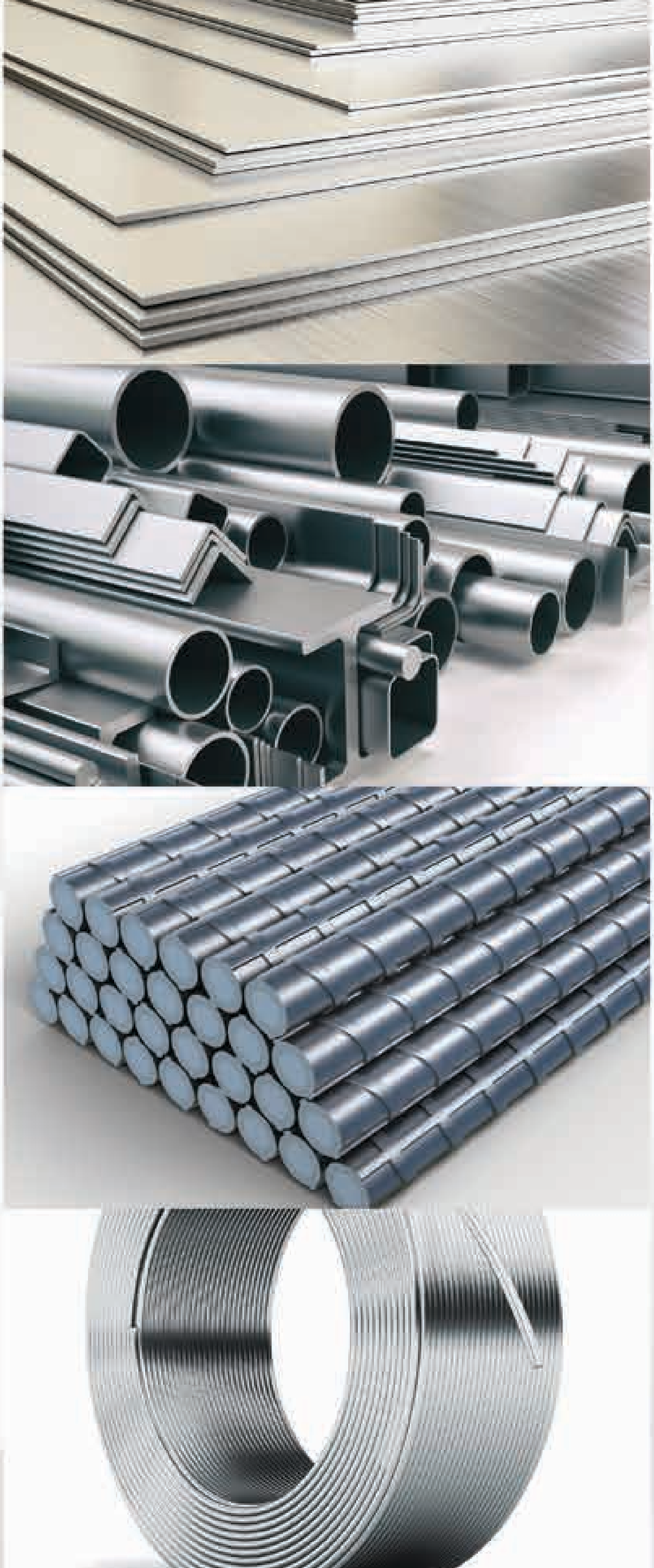
HG METAL



ANNUAL
REPORT
2022

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CORPORATE PROFILE

At HG Metal Manufacturing Limited ("**HG Metal**"), we are sturdy like steel, yet flexible enough to understand and meet our clients' unique and changing needs. Change is constant and we believe in always gaining new perspectives to advance with evolving market trends.

With more than 40 years of experience in the industry, we have shaped a strong reputation as one of the largest steel distributors and processors around the region. We add value by bridging the gap between upstream steel producers and end users of steel. Through our three main business units – HG Distribution, HG Construction Steel, HG Coupler & Thread – we provide one-stop, end-to-end customised solutions for our strong clientele base of more than 1,500.

With more than 500,000 square feet of land area, HG Metal has one of the largest steel warehouse and processing facilities in Singapore and Myanmar, storing more than 3,000 varieties of steel products for a wide range of industries and applications. Armed with an extensive network of suppliers and solid sourcing capabilities, HG Metal offers customised solutions for our regional customer base along the entire supply chain.

HG Metal was listed on Singapore Exchange's SESDAQ, on 21 March 2002 and was upgraded to the Mainboard in May 2004.

OUR BUSINESS

ONE-STOP CENTRE OFFERING INTEGRATED AND TAILORED SOLUTIONS

In today's ever changing and demanding business environment, we strive to provide quality steel products and one-stop customised solutions to meet our clients' steel needs. We offer end-to-end services ranging from distribution services to downstream value-added activities via our three business units.

HG DISTRIBUTION

Under our Distribution business, we provide a wide array of services including wholesale activities, retailing, trading, sourcing of products and distributing steel products to ASEAN countries. We have an extensive and competitively priced portfolio of more than 3,000 types of quality steel products for a wide range of industries and applications, including BCA-compliant materials and higher grade niche products. We take pride in our strong and established sourcing capabilities from an extensive network of suppliers around the world. We also provide value-added services like steel finishing services, product customisation, logistics and local/export shipment.

HG CONSTRUCTION STEEL

To meet the rising demand for construction steel, we offer comprehensive packages that cater to just-in-time production for all forms of construction steel requirements. Our products range from cut-and bend reinforcing bars to deformed bars, and straight rebars, while our services include customised steel finishing services like galvanising, coating, cutting and drilling, as well as rental of plates and beams. Our state-of-the-art facilities in Singapore and Myanmar boast fully automated cut-and-bend production lines, with an annual production capacity of 100,000 tonnes and 50,000 tonnes respectively.

HG COUPLER AND THREAD

With decades of experiences in the steel and construction businesses, we are here together with China Academy of Building Research (CABR) to supply top quality rebars mechanical splice and anchor system to the reinforced concrete construction industry in the South East Asia Region.

OUR BUSINESS

INTERNATIONAL NETWORK OF SUPPLIERS AND CLIENTS

Over the years, we have established a strong global network of suppliers and clients. Our extensive network of suppliers includes China, Japan, Korea, Turkey and other Eastern European countries. We also have a large and diversified customer base of more than 1,500 clients with our key markets being Singapore, Myanmar, and Indonesia.

LARGE-SCALE COMPREHENSIVE FACILITIES

We have approximately 500,000 sq ft of warehousing and processing facilities located at Jalan Buroh and Myanmar. The facilities have a combined steel storage capacity of 100,000 tonnes and a combine yearly handling capacity (in and out) of 200,000 tonnes.

ENSURING QUALITY, ENHANCING VALUE

At HG Metal, everything we do is driven by our desire to ensure quality and enhance value for our clients. Our large-scale facilities and ability to order steel in bulk ensure that we achieve economies of scale, which enable us to offer competitive prices in the market. Together with our one-stop tailored solutions, extensive procurement network and established geographical reach, these key strengths have helped cement our 40-year position in the steel industry. Supported by highly experienced teams in management, operations and sales, we leverage on our decades of knowledge to deliver steel solutions more efficiently and effectively. From supply chain management, logistics and warehousing operation to quality assurance and dedicated customer service, we go the extra mile to provide greater value for our clients with products of the highest quality.

ADVANCING IN THE MARKET

To strengthen our foothold in the market, we adopt a multi-pronged growth strategy focused on:

- Diversifying our business model to include higher value-added services and direct sales to end-users
- Widening our geographical reach in South East Asia
- Strengthening customer relationships by directly engaging end-users of steel who require large and customised orders for specific projects
- Enhancing our processing capabilities by offering more downstream customisation services
- Providing one stop solutions for fabrication

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of HG Metal Manufacturing Limited (the "**Company**" and together with its subsidiaries the "**Group**"), I am pleased to present the annual report for the financial year ended 31 December 2022 ("**FY2022**").

FY2022 FINANCIAL PERFORMANCE

The Group started the year 2022 on a cautiously optimistic note, against the backdrop of forgone uncertainties, supply chain disruptions and lockdowns form the previous two years which had resulted in the largest drop in global GDP in history. However, the Group was caught in a year of significant geopolitical instability, high energy costs and worldwide inflation. Notably, the Russian invasion of Ukraine drove commodity and oil & gas prices up. All of which had resulted in steel market uncertainty and price volatility.

Global steel prices soared at the start of the Russia-Ukraine war as the conflict threatened exports from the two major producing nations. But the market turned bearish by April 2022, leading to a drop in global demand due to the prolonged Russia-Ukraine war, China's persistent Zero-COVID policy and Europe's continuous energy crisis.

As global inflation surged to record highs, Central Banks around the world, led by the US Federal Reserve rapidly tightened monetary policy, resulting in substantial increase in interest rate and borrowing cost. Consequently, investments and consumer spending were affected, impacting steel-related sector such as construction, machinery, and consumer durables. As such, FY2022 was a challenging year for the Group as it continued to face tough industrial competition.

Despite these external challenges, the Group managed to deliver an 11% growth in revenue to achieve S$158.4 million. This was contributed by 20% and 8% increase in revenue from the trading and manufacturing segment respectively.

Overall gross profit margin for FY2022 fell to 13.4% from 20.5% in FY2021. This decline was mainly attributed to higher average cost of material on hand as international steel prices decreased towards the 2nd half of FY2022. Consequently, the Group turned in lower gross profit of S$21.2 million in FY2022 against S$29.2 million in FY2021.

MESSAGE TO SHAREHOLDERS

Following the ripple effects of the 2021 military coup, the situation in Myanmar deteriorated. Business sustainability became an issue. Hence, the Group decided to cease our business operations in Myanmar. This cessation required the Group to incur a one-time impairment loss on non-financial assets of S$8.8 million in relation to the property, plant and equipment and right-of-use assets ("**ROU**") held by a subsidiary in Myanmar, as well as an impairment loss on financial assets of S$1.0 million with regard to amounts owed by customers in Myanmar.

As a result, the Group reported a net loss after tax of S$5.8 million in FY2022. If the one-time impairments are excluded, the Group would generate a pre-tax profit of S$4.6 million.

In spite of the cessation of our Myanmar subsidiary, the Group remains in a strong financial position and will continue to optimise our balance sheet, as we practise financial prudence to bring the Group back to road of recovery.

FY2022 BUSINESS DEVELOPMENTS

The significant events during the year included global supply chain disruptions and increasing raw material prices, which had negative impact on our margin. In terms of sales, we monitored the market closely as we expanded on our sales and marketing initiatives to ensure that the Group's order book remained healthy. We fostered closer relationships with other industry players and suppliers, such as practicing bulk procurement to lower purchasing cost and ensured sufficient supplies to mitigate production disruption.

Further, we worked towards consolidating our position in the market by adopting a multi-pronged growth approach, which involves diversifying our business to include higher value-added services and providing direct sales service to end-users, enhancing our processing capabilities by offering more downstream customisation services, and providing one-stop solutions to the construction industry for steel fabrication.

As part of our global sustainability movement, we are starting to reap the green energy utilisation returns of the solar energy panel that we have commissioned in 3Q2021. In addition, we reduced scrap material waste with production optimisation and reuse or recycling of scrap material to minimise environmental impact.

The Group has taken steps to cease our operations in Myanmar after taking into consideration the various factors affecting the Myanmar economic condition after two years of military coup. It is unlikely for the local situation to improve in the near future especially since Myanmar was blacklisted by The Financial Action Task Force ("**FATF**") in October 2022, resulting in added scrutiny required for entities dealing with Myanmar. Operationally, businesses also have to deal with electricity shortages, logistics disruptions, trade and foreign exchange restrictions, and persistent regulatory uncertainty. The Group is of the view that ceasing our Myanmar operations is in the best interest of our business, despite having to incur a one-time impairment on our Myanmar investment. This will allow us to conserve our resources for better use in other areas of businesses.

BUSINESS OUTLOOK

According to the Ministry of Trade and Industry ("**MTI**"), 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. On the other hand, the Building and Construction Authority ("**BCA**") of Singapore expects total construction demand in Singapore, which is largely driven by the public sector, to remain stable in 2023 at between S$27 billion and S$32 billion, and to maintain within this range from 2024 to 2027.

Due to economic uncertainty, we expect the steel industry in Singapore to stay competitive and challenging. There is likely continuous pressure on profit margin due to stiffer competition and the sharp fall in global steel prices in 2H2022 will continue to impact our margins as our inventory was procured at a higher price earlier. Even with signs of steel prices trending up in 2023, margin compression will continue

MESSAGE TO SHAREHOLDERS

to be an issue as our steel inventory takes time to be consumed. This is compounded by fluctuating steel prices and dampened by weaker demand as customers exercise caution in the midst of a challenging and uncertain time.

In view of this, the Group plans to focus on growing our revenue through expanding our order book in the construction sector given that the industrial outlook is stable in 2023, as it is largely supported by strong domestic demand. We will channel our sales and marketing efforts to generate revenue in this area by targeting mega projects. Additionally, we are also seeking to expand our product and service offerings to provide more value-added solutions for our customers in an effort to broaden our customer base and increase our revenue stream.

Where costs are concerned, the Group is maintaining cost management through improved operational efficiencies and implementing cost-effective controls to achieve targeted gross profit margin. Labour shortage is becoming more manageable as COVID-19 restrictions are being removed as we transit towards endemic and normal living.

We will continue to strengthen our core businesses as we seek strategic growth opportunities. The Group will put in every effort to optimise the inventory cost management and to enhance our productivity and growth.

DIVIDEND

Notwithstanding that the Group had gone through a challenging year in FY2022, the Board has recommended a final tax exempt (one-tier) dividend of 2.5 Singapore cents (S$0.025) per ordinary share for FY2022 which will be subject to shareholders' approval at the forthcoming AGM. The dividend will be distributed out of the Company's profit attributable to equity holders of the Company in recognition of shareholders' unwavering support towards HG Metal.

IN APPRECIATION

Along with navigating external challenges, 2023 will be a year for managing internal changes. In February 2023, our Chief Executive Officer ("**CEO**"), Mr Shin Taeyang stepped down. We would like to take this opportunity to thank Mr. Shin for his past services and wish him every success in his future endeavours. The duties of the CEO will be taken over by Mr Foo Sey Liang, the Group's Executive Director.

On behalf of the Board, we would like to extend our gratitude to our management team and staff whom have been dedicated and persevered during COVID-19 years. We would also like to express our appreciation for our valued customers, suppliers, business associates and shareholders for their unwavering belief and support in us all these years. We look forward to moving ahead together with our great partners whom we have forged strong alliance with over the years to create greater value for everyone in the near future.

OPERATING & FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

The global market in FY2022 was characterised by persistently high inflation, which led to sharp rising interest rates in an effort to combat it. The on-going Russia-Ukraine conflict resulted in high energy and material prices. All these factors are contributing towards a possible global economic slowdown and increasing risk of a global recession.

The situation was somewhat mitigated by strong construction demand in the Singapore market, which was largely supported by residential and infrastructure projects in the public and private sectors as the construction sector grew by 6.7% in 2022.

REVENUE AND GROSS PROFIT

The Group's revenue increased by 11% to S$158.4 million in FY2022 as compared to S$142.3 million in the prior year. Average selling price was comparatively higher mainly due to surge in steel prices during 1H2022. This was partially offset by a 3% reduction in sales volume, mainly due to slow down in goods delivery to construction site following the imposition of heightened safety period measures introduced by the Ministry of Manpower in September 2022 for six months to address the concerning rise in workplace fatalities.

Meanwhile, the start of Russian-Ukraine war had led to significant spike in commodity prices initially as Russia and Ukraine were the 5th and 12th largest steelmakers in the world. The prospect of a global downturn and weaker steel demand that was linked to geopolitical tension, high energy prices, rising interest rates and China's COVID 19 lockdown policy led to subsequent significant fall in international steel prices in 2H2022.

In light of the aforementioned, the Group's overall gross profit margin for the year declined to 13.4% against 20.5% in FY2021, mainly due to higher average cost of material on hand and deteriorating market selling price. As such, Group recorded lower gross profit of S$21.2 million for the year as compared to S$29.2 million in FY2021.

OTHER OPERATING INCOME

Other operating income fell from S$3.5 million in FY2021 to S$2.3 million in FY2022 as a result of reduced warehouse and rental income of S$1.1 million as the lease property at 30 Jalan Buroh, Singapore 619486 was surrendered to JTC and lowered government grant income of S$0.1 million.

OPERATING & FINANCIAL REVIEW

EXPENSES

Total selling and distribution costs recorded during the year was 8% lower than that of FY2021, as saving was derived from reduced outsource logistic services in tandem with decline in sales volume. Meanwhile, total administrative expenses remained largely the same in FY2022 as compared to the previous year.

Other operating expenses rose from S$4.1 million in FY2021 to S$5.6 million in the reporting year due to a S$0.8 million increase in depreciation expenses on property, plant and equipment and ROU assets in relation to the leased land that was surrendered to JTC. Additionally, rental expenses and loss on fair value of forward currency contracts also contributed to the increase of S$0.3 million and S$0.4 million respectively.

The total finance cost for the year was S$0.7 million higher at S$1.8 million in FY2022. This was largely attributed to higher interest rate related to trade financing.

As a result of our decision to cease our Myanmar business operation, the Group recorded a one-time impairment loss on non-financial assets of S$8.8 million and an impairment loss on financial assets of S$1.0 million in FY2022.

PROFITABILITY

In view of the above, the Group reported 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.

BALANCE SHEET

The Group's non-current assets decreased to S$36.6 million as at 31 December 2022 mainly due to an 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, and a reclassification of investment securities of S$3.9 million to current assets as those investment securities will mature in one year.

OPERATING & FINANCIAL REVIEW

Total current assets for the current financial year rose marginally to S$121.7 million from S$120.7 million in the previous financial year. This was mainly attributed to an increase in inventories and investment securities, which were partially offset by a decrease in cash and cash equivalents.

Total liabilities decreased to S$55.2 million as at 31 December 2022 from S$57.8 million in the previous year due to a reduction in trade and other payables, and provision for property reinstatement cost. This was offset by an increase in bank borrowings.

As at 31 December 2022, the Group's inventory on hand grew to S$58.9 million from S$45.8 million in the prior year due to stock replenishment for future sales activities and higher average cost of material.

Separately, trade and other receivables stood at S$36.6 million during the reporting period against S$37.5 million as at 31 December 2021, while trade and other payables reduced to S$11.5 million from S$21.5 million as at 31 December 2021 as a result of 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 as the volume of trade financing increased to provide for stock purchases.

CASH POSITION

Net cash outflow from operating activities was S$14.9 million as a consequence of loss from operations and increase in net working capital requirement. Net cash flow used in investing activities was S$1.5 million due to pledged fixed deposit of S$1.8 million with banks and purchase of property, plant and equipment and intangible assets of S$0.8 million, which was 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$3.8 million with net proceeds of S$10.3 million from bank borrowings being 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.

As at 31 December 2022, the Group's cash and cash equivalents was S$15.4 million against S$27.9 million as at 31 December 2021.

FY2022 FINANCIAL HIGHLIGHTS

REVENUE
S$158.37
million

LIQUIDITY RATIO
1.70x

NET LOSS
S$(5.77)
million

BANK BALANCES AND FIXED DEPOSITS
S$24.57
million

EARNINGS PER SHARE
(0.42)
cents

DEBT-TO-EQUITY
0.40x

NET ASSET VALUE PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS
S$0.84

NET ASSET VALUE
S$103.06
million

FIVE-YEAR FINANCIAL SUMMARY

FOR THE YEAR (S$mil)	**FY2022**	FY2021	FY2020	FY2019	FY2018
Revenue	**158.37**	142.27	91.69	137.12	173.92
Gross profit	**21.15**	29.15	11.14	13.32	9.87
(Loss) /profit Before Tax	**(5.25)**	12.43	1.38	0.80	(3.91)
Net (loss)/profit After Tax	**(5.78)**	11.17	1.34	0.76	(3.94)
(Loss)/profit attributable to owners of the Company ("PATOC")	**(0.53)**	12.07	1.03	0.76	(3.95)
Operating Cash Flow	**(14.94)**	7.78	13.88	(4.34)	(13.79)
Cash Flow from Investing	**(1.54)**	(2.41)	(12.89)	(3.54)	(4.37)
Free Cash Flow	**(16.48)**	5.37	0.99	(7.88)	(18.16)
AT YEAR END (S$mil)					
Total Assets	**158.28**	171.93	147.07	172.82	144.49
Total Liabilities	**55.21**	57.85	43.22	70.15	41.59
Shareholders' Funds	**104.85**	110.75	99.70	98.74	100.24
Bank Balances and Fixed Deposits including restricted deposit	**24.57**	35.91	26.24	26.20	25.72
Total borrowings(1)	**41.03**	32.21	27.90	32.10	3.42
Gearing Ratio(2)	**0.14**	n.m*	0.02	0.05	n.m*
PER SHARE DATA (Singapore Cents)					
Basic Earnings Per Share	**(0.42)**	9.48	0.81	0.59	(3.10)
SHAREHOLDER'S RETURN					
ROE (%) (PATOC/Average shareholders' Fund)	**(0.49%)**	11.47%	1.04%	0.76%	(3.85%)
ROA (%) (Net Profit/total assets)	**(3.65%)**	6.50%	0.91%	0.44%	(2.72%)
Gross Dividend (S$) per share	**0.025**	0.04	0.005	–	–
Share Price at end of year (S$)	**0.365**	0.355	0.184	0.215	0.265

(1) Total borrowings: bank borrowings (loan, bills payable) & lease liabilities
(2) Gearing ratio: net debt(3)/total capital(4)
(3) Net debt: total borrowings – (cash and cash equivalents + fixed deposits pledged with banks + restricted deposits)
(4) Total capital: total equity + net debt
** n.m denotes not meaningful*

CORPORATE STRUCTURE

HG METAL MANUFACTURING LIMITED
(LISTED ON SGX MAINBOARD)

BOARD OF DIRECTORS

KESAVAN NAIR
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mr Kesavan Nair ("**Mr Nair**") was first appointed to the Board as Independent Director on 17 April 2014. He was re-designated as Independent Non-Executive Chairman to the Board on 15 January 2022. He is the Chairman of the Nominating Committee and Remuneration Committee, and is a member the Audit & Risk Committee. Mr Nair is a practicing Advocate and Solicitor with Bayfront Law LLC in the areas of civil and criminal litigation and corporate law.

Mr Nair is also an Independent Director of various SGX-listed and SGX-Catalist Companies.

Mr Nair graduated from The University College of Wales, Aberystwyth, with a Bachelor of Laws (Honours) in 1988. He was admitted as a Barrister-at Law, Middle Temple in 1990, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory in 1991 and an Advocate & Solicitor of the Supreme Court of Singapore in 1992.

Further Information
Date of first appointment as a Director: 17 April 2014
Date of last re-election as a Director: 28 April 2022

Present Directorships (on 31 December 2022):
Listed companies: Medi Lifestyle Limited (formerly IEV Holdings Limited) · Arion Entertainment Singapore Limited (formerly Elektromotive Group Limited) · OxPay Financial Limited (formerly Artivision Technologies Ltd)

Others:
Bayfront Law LLC

Past Directorships held over the preceding three years
(from 1 January 2020 to 31 December 2022): Kitchen Culture Holdings Limited

FOO SEY LIANG
EXECUTIVE DIRECTOR

Mr Foo Sey Liang ("**Mr Foo**") was first appointed to the Board as Executive Director on 10 April 2014 and a member of Nominating Committee and Remuneration Committee on 15 January 2022. Mr Foo is also the significant investor of the Group. Mr Foo is responsible for developing and monitoring strategies to ensure the long-term financial viability of the Group. Mr Foo has over 20 years of experience in the construction business.

Further Information
Date of first appointment as a Director: 10 April 2014
Date of last re-election as a Director: 26 April 2021

Present Directorships (on 31 December 2022):
Listed companies: Nil

Others:
Mr Foo holds directorships in various non-listed companies.

Past Directorships held over the preceding three years
(from 1 January 2020 to 31 December 2022): Nil

BOARD OF DIRECTORS

NG WENG SUI HARRY
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ng Weng Sui Harry ("**Mr Ng**") was appointed as an Independent Director on 10 April 2014. He is currently the executive director of HLM (International) Corporate Services Pte Ltd, a company that provides business consultancy, corporate advisory, accounting and tax services. Prior to this position, he was the chief financial officer with a number of companies listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

He has more than thirty years of experience in finance, accounting and audit. He sits on the boards of a few listed companies in SGX-ST as the independent director or non-executive director.

Mr Ng is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

Further Information
Date of first appointment as a Director: 10 April 2014
Date of last re-election as a Director: 28 April 2022

Present Directorships (on 31 December 2022):
Listed companies: Medi Lifestyle Limited (formerly IEV Holdings Limited) · Oxley Holding Limited · Q&M Dental Group (Singapore) Limited · OxPay Financial Limited (formerly Artivision Technologies Ltd)

Others:
HLM (International) Corporate Services Pte Ltd (Executive Director) · Singapore Dental Council (member of Audit Committee) · NCC Research Fund (member of Audit Committee) · NCCS Cancer Fund (member of Audit Committee)

Past Directorships held over the preceding three years
(from 1 January 2020 to 31 December 2022): · IEV Energy Investment Pte. Limited · IEV Technologies Pte Ltd

NG KATE JAIN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Ng Kate Jain ("**Ms Ng**") was appointed to the Board as Independent Non-Executive Director on 31 December 2021. Ms Ng has over eighteen years of experience in strategic investment and private equity management and has been with UOB Venture Management (UOBVM) since 2005. She is responsible for investment into private companies in the ASEAN and China region, monitoring of portfolio companies and divestment activities. Prior to this position, Ms Ng was Planning & Investment manager at PSB Corporation responsible for strategic investments in education sector and also investment in small and medium enterprises in Asia. She holds a Bachelor of Arts and Social Sciences degree from National University of Singapore and has completed the CFA program in 2001.

Further Information
Date of first appointment as a Director: 31 December 2021
Date of last re-election as a Director: 28 April 2022

Present Directorships (on 31 December 2022):
Listed companies: Nil

Past Directorships held over the preceding three years
(from 1 January 2020 to 31 December 2022): Nil

KEY MANAGEMENT PERSONNEL

SHIN TAEYANG
CHIEF EXECUTIVE OFFICER

Mr Shin Taeyang ("**Mr Shin**") joined the Group in August 2016 as Managing Director of HG Construction Steel Pte. Ltd. and was appointed as Chief Operating Officer of the Group on 1 May 2018. Mr Shin was re-designated as Chief Executive Officer of the Group (CEO) on 1 January 2019. He ceased as CEO with effect from 28 February 2023. During his tenure as CEO of the Group, Mr Shin was responsible for the overall management and operations of the Group as well as building and implementing business strategies for the Group.

Mr Shin has more than 13 years of experience in managing company, marketing strategy planning and business development. Prior to joining the Group, he was the Singapore branch representative of a top 3 steel mill and trading company in Korea. Mr Shin has extensive experience in managing Cut, Bend & Prefabrication production, procurement strategy development, rebar sales forecasting and planning, developing after sales services process and many more.

Mr Shin holds a Bachelor's Degree in Biology & Journalism from Korea University.

SHARON TAY
CHIEF FINANCIAL OFFICER

Ms Sharon Tay ("**Ms Tay**") joined the Group in October 2013. She served as Financial Controller of the Group prior to her appointment as Chief Financial Officer of the Group with effect from 1 January 2021. She is in charge of overseeing Group Finance & Corporate Unit managing all financial, taxation and corporate matters within the Group.

Ms Tay has over 20 years of working experience in finance, accounting and auditing. Prior to joining the Group, she had held various management appointments in listed companies and government- related organisations.

Ms Tay holds a Bachelor of Arts (Hons) degree in Accounting and Financial Management from University of Sheffield (UK), and is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a member of the Association of Chartered Certified Accountants (UK). She holds the designation of Accredited Tax Practitioner of the Singapore Chartered Tax Professionals.

ROYSTON JOHNS
HEAD OF BUSINESS
(HG METAL MANUFACTURING LIMITED)

Mr Royston Johns joined the Group in May 2016 as General Manager (Sales) overseeing the sales and marketing department and was appointed as Head of Business (HG Metal Manufacturing Limited) with effect from 1 January 2021. He is responsible for the business and operational planning for the Company.

Mr Royston Johns brings with him more than 30 years of experience in sales, customer service, business development, shipping, warehousing and operations in the marine & offshore industries.

Prior to joining the Group, Mr Royston Johns has 9 years of experience in the steel stock holders business with Continental Steel Pte Ltd as a Deputy Head of Sales.

Mr Royston Johns holds a Bachelor's Degree in Business Administration from La Trobe University (Australia), a Diploma in Marketing from Chartered Institute of Marketing (UK), and a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

DAN ANG
HEAD OF BUSINESS
(ORIENTAL METALS PTE LTD)

Mr Dan Ang ("**Mr Ang**") joined the Group in January 2015 as a Business Development Manager. He was appointed as Acting Head of Sales in January 2016 overseeing the sales and marketing department. He was re-designated as Head of Business (Oriental Metals Pte Ltd) with effect from 1 January 2021. He is responsible for Oriental Metals Business Unit including its business and operational planning. He also oversees logistic management as well as implementing and maintaining health and safety matters within the Group.

Mr Ang started off his career as an Engineer in Singapore Technologies Kinetics Ltd. Prior to joining the Group, he ran his own tools cutting business for the past 17 years. Mr Ang brings with him a wealth of experience in various industry sectors such as aerospace, oil & gas, tools & die maker, mould making and precision industries and steel industries.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kesavan Nair
Independent Non-Executive Chairman

Foo Sey Liang
Executive Director

Ng Weng Sui Harry
Independent Non-Executive Director

Ng Kate Jain
Independent Non-Executive Director

AUDIT & RISK COMMITTEE

Ng Weng Sui Harry (Chairman)
Kesavan Nair
Ng Kate Jain

NOMINATING COMMITTEE

Kesavan Nair (Chairman)
Foo Sey Liang
Ng Weng Sui Harry
Ng Kate Jain

REMUNERATION COMMITTEE

Kesavan Nair (Chairman)
Foo Sey Liang
Ng Weng Sui Harry
Ng Kate Jain

COMPANY SECRETARIES

Wee Woon Hong
Sim Yok Teng

REGISTERED OFFICE

28 Jalan Buroh
Singapore 619484
Tel: (65) 6268 2828
Fax: (65) 6268 3838
Web: www.hgmetal.com

SHARE REGISTRAR

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

EXTERNAL AUDITORS

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge:
Eleanor Lee Kim Lin
(With effect from financial year ended 31 December 2021)

INTERNAL AUDITORS

Deloitte & Touche
Enterprise Risk Services Pte Ltd

PRINCIPAL BANKERS

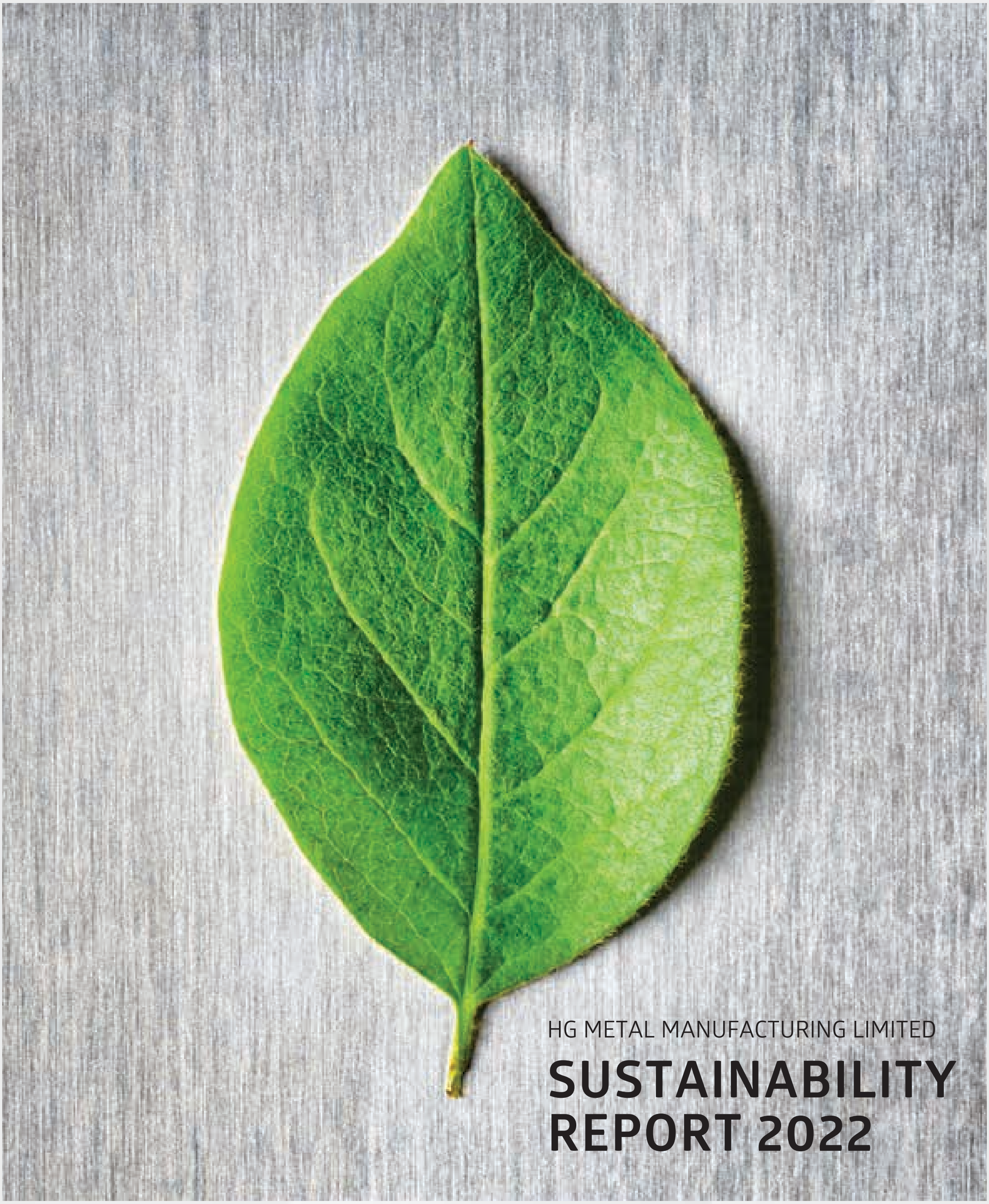
United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

HL Bank

Oversea-Chinese Banking Corporation Limited

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

ABOUT HG METAL MANUFACTURING LIMITED (HG METAL)

ABOUT THIS REPORT

We are proud to present our 6th annual sustainability report, which outlines HG Metal's approach in Environmental, Social and Governance ("**ESG**") factors into its management, policies, and operations. At HG Metal, we are committed to promoting accountability and transparency of sustainability reporting as we reflect on our progress in the sustainability journey while working on our future targets. Through this report, we aim to provide assurance and create stronger relationships with stakeholders as we continue our journey as a responsible and ethical business.

Scope of the Report

This report covers our sustainability performance in the financial year from 1 January 2022 to 31 December 2022. We are pleased to report our strategies, initiatives, and performance in relation to our material ESG topics. The information provided in this report covers operations of HG Metal solely owned and managed by the headquarters based in Singapore, including HG Metal Manufacturing Limited ("**HG Metal**"), HG Construction Steel Pte Ltd ("**HGCS**") and Oriental Metals Pte Ltd ("**OM**"). The report includes operations of the corporate office, steel warehouse and processing facilities in Singapore, unless otherwise stated. Entities operate in Malaysia and Indonesia are at dormant position. Operation at Myanmar is excluded due to unstable geo-political issues. Meanwhile, investment holding is excluded given its relatively clean social and environmental footprint due to its nature of operation. Although the organization has multiple entities, no minority interest is involved and there were no mergers, acquisitions, and disposal of entities during the financial year. The disclosure approach has been standardized across these reporting entities. Sustainability topics

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and climate-related issues material across these three entities are discussed and aligned using GRI Universal Standards 2021 reporting framework. There were no changes on the Company's size, structure, ownership, activities, products, services market, value chain and sector where it is active as compared to reporting period FY2021.

Reporting Framework

The sustainability report is prepared in accordance with the Global Report Initiatives ("**GRI**") in the GRI Standards 2021. The GRI framework was chosen as it is one of the most widely used and recognised standards for reporting globally, which would provide for higher comparability of the Company's disclosures with its peers. The disclosures made in this report are in line with GRI's Reporting Principles for defining report quality – accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability. Our GRI content index can be found on pages 46 to 50 of the report.

This report also complies with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rule 711A and 711B. It has also been developed while referencing the six primary components stated in SGX-ST Listing Rule 711B on the "comply or explain" basis, which includes – (1) Material ESG factor, (2) Climate-related Disclosures consistent with the recommendations of Task Force on Climate-Related Financial Disclosures ("**TCFD**"), (3) Policies, Practices and Performance, (4) Targets, (5) Sustainability Reporting Framework and (6) Board statement and associated governance structure for sustainability practices.

Confirmation and Approval

The policy, practice and performance data presented in this report was obtained from formal documents and operational statistics of HG Metal. The sustainability report has received endorsement from the Board of Directors.

Assurance

In line with the requirements outlined in SGX Practice Note 7.6 Sustainability Reporting Guide, an internal audit of the sustainability reporting process has been introduced at HG Metal. This internal audit functions is built on the Group's existing governance structure, internal controls and risk management systems to ensure the accuracy and reliability of the ESG data contained disclosed in this report. We have not sought external assurance for this reporting year.

Feedback

We welcome feedbacks from our stakeholders for further improvement in our sustainability performance and reporting. Please contact us via the following channels if you have any feedback and questions about this report.

Email: corporate@hgmetal.com
Tel: +65 6268 2828

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MESSAGE FROM THE BOARD

In 2022, the recovery in the global economy gained momentum as countries and industries gradually recover from the impact of the COVID-19 pandemic. The pandemic highlighted weaknesses within global supply chains and the rise in raw material demand resulted in record-high commodity prices. This reinforced the need for nations to strengthen their economic security by having more self-sufficient supply chains. Steel is critical to a healthy manufacturing base, and it is incumbent upon companies like ours to take steps to remain economic stability that support our employees, serve our customers, and reward our shareholders.

As such, organizations with robust ESG management were proven to demonstrate a high-level of adaptation to the volatile landscape in the contemporary business world. Legislators, investors, and customers increasingly demand action to reduce greenhouse gas emissions. At HG Metal, through our annual sustainability practice, we have adopted an integrated approach that merges value creation with ESG. We recognize that sustainability depends on the optimal management of our ESG risks and opportunities. It is crucial to proactively identify and manage such risks so that opportunities can be seized to generate better long-term outcomes for all.

The Board is committed to making sure the Company complies with the Singapore Exchange's (SGX) requirements, overseeing corporate governance, and incorporating ESG elements into the Company's overall business model and corporate strategy. Our sustainability agenda remains focused on ensuring our operations have minimal environmental impact. We have developed a pipeline of projects for carbon mitigation, reduction, and elimination, including the use of renewable energy sources to power our facilities. Aside from environmental efforts, we refocused on our most valuable asset, our people, to ensure their mental well-being and health and having a workforce who foster diversity to let employees feel welcome and valued.

As the market environment continues to evolve, we will focus on enhancing and building stronger capabilities. We would also like to thank our stakeholders for their support and assistance that helped us to continue operating safely and optimally throughout the challenging periods. Looking ahead to 2023, we will continue to work hand in hand with all stakeholders towards sustainability by keeping abreast of market trends and maximize synergies to create new value as a responsible corporate citizen.

Sincerely

BOARD OF DIRECTORS

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CLIMATE AND SUSTAINABLE GOVERNANCE

TOWARDS SUSTAINABLE BUSINESS

Governance Structure

Our diverse Board of Directors ("Board") has the ultimate responsibility to protect and enhance long-term shareholder value. We believe that our commitment to value creation for our shareholders encompasses our focus on environmental stewardship, social progress and inclusion as well as transparent governance. To this end, the Board considers sustainability issues such as environmental and social factors as part of its strategic formulation, and assumes responsibility for corporate governance. Our Board has adopted a set of Corporate Governance Principles to assist the Board in the exercise of its responsibilities. The Board and its committees review the Company's governance practices and policies on an ongoing basis and when appropriate makes necessary modifications to enhance its governance structure. The Company's governance practices are disclosed in the pages 51 to 85 of this annual report.

Sustainability Governance

Oversight and Sustainability Governance

HG Metal's Board of Directors are committed to operating the business in an ethical manner and establishing sound corporate practices. The Board maintains oversight on the governance structure, practices, and performance and is also responsible for overseeing sustainability related matters. In FY2022, the Board discussed and validated sustainability topics relevant to the Group.

Figure 1 Sustainability Governance Structure

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As suggested by the Code, the Board considers sustainability issues as part of its strategic formulation. While the Board has the ultimate oversight responsibility for the risk management process, specifically the **Audit & Risk Committee** ("**ARC**") provides oversight on broader sustainability trends, risks, and opportunities to ensure that sustainability is aligned with the corporate purpose and strategy of the Group.

The various team leads of the business units will form the Sustainability Task Force which drives sustainability initiatives and monitor various aspects of HG Metal's sustainability performance. This ensures effective integration of ESG initiatives into HG Metal's business operations and corporate objectives.

With the assistance of the Sustainability Task Force, the Sustainable Committee reports overall sustainability progress to the Board. The Sustainable Committee is led by the Chief Executive Officer ("**CEO**") who will formulate and introduce sustainability strategies as well as setting targets for the Group. With the assistance of the Sustainable Committee, the Board finalizes and endorses the list of material topics relevant to the HG Metal. The Board has ultimate responsibility for the Group's sustainability reporting and the reporting process.

Sustainability Culture and Journey

As well as overseeing material issues, the Board also plays a crucial role in mitigating the inevitable risk that accompanies policy by developing and approving policies and reviewing the relevance of the organization's mission statement, values, strategies, and policies.

To foster and strengthen a sustainability culture within HG Metal, an internal audit of sustainability reporting was conducted to review the process of sustainability disclosure, in addition to the auditing of the internal control systems of the Group. Other than cultivating staff awareness on sustainability issues and encouraging behavioural change, HG Metal believes it is equally important to extend its sustainability culture to its suppliers, customers, business partners and its stakeholders.

At HG Metal, our employees play a vital role in operationalizing our sustainability goals and making sustainability a part of their daily work. In the event of a need, employees report directly to the respective management about HG Metal's management of its impact on economics, the environment, and the welfare of its employees. Alternatively, employees communicate their concerns via a formal whistleblowing policy.

Apart from deploying appropriate technology and processes to achieve optimal efficiency, HG Metal sees the critical need in cultivating a sustainability mindset among our staff. In the last two years, our staff has received sustainability awareness training to help our staff understand the importance of sustainable practices and how to integrate them into their work.

Sustainability Risk and Opportunity Management

Understanding and mitigating risks before they happen is key to building resilience. Risk management is important as it offers a systematic approach towards the management of HG Metal's ESG performance. Acknowledging and understanding sustainability risks help in decision-making and mitigate risks while at the same time, derive opportunities. At HG Metal, the Board oversees the internal control and risk management through the ARC and the Management regularly reviews internal control policies and procedures to mitigate risks. In addition to the existing Enterprise Risk Management Framework, the Company examines the underlying forces driving changes in climate and sustainability domain and identified the challenges facing HG Metal. The following table depicts some global trends that are relevant to the HG Metal.

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Table 1. Resiliently responding to global trends that may impact HG Metal

RISKS	NATURE OF RISK	HG METAL'S RESPONSE AND MITIGATION
Employment/employee hires	**Labour supply:** Although border restrictions have eased, labour shortages are still likely to persist in the near term, as it will take some time for labour supply to bounce back to pre-pandemic levels. The metal industry is seen traditionally as a resource hog and lack of experienced personnel joining the sector.	**Response:** The Company implements sound labour policies and receive commitment from the subcontractors to ensure sufficient labour supply for the current and future projects. Attracting, developing, and retaining staff are key concerns for the Company. The Company has also put in place clear guidance and measurement for safe working environment as priorities. **Opportunities:** · Further education and develop relevant skills. · Opportunities for leadership position and career advancement
Global supply chain disruption/geopolitical issues	**Large fluctuations in steel rebar prices:** The trade friction between China and United States and the Russian-Ukraine conflict have shown how geopolitical issues have disrupted the global supply which in turn exacerbated global inflationary pressures and adversely affected the growth of many economies. A prolonged war in Ukraine will negatively affect industry development in Europe until 2023, as high energy prices would continue to weigh on metal and steel production, while weaker economic performance in many countries is affecting customers' demand.	**Response:** The Company will prioritise cost management and improve productivity and efficiency as well as conduct regular review of business strategy. HG Metal has an extended strong global network of suppliers such as Southeast Asia & Middle East. **Opportunities:** · Focus on mega project including contract price pegged with Building and Construction Authority ("BCA") and value-added services from strong domestic demand outlook driven by recovery of the construction sector.
Climate resilience	**Low-carbon transition:** In the midst of the shift towards a lower-carbon economy, companies are facing multiple megatrends, including climate change, with the changing regulatory landscape that aims to manage the risks. The goal for company is to foster transparency, find common ground and integrate processes across mutually beneficial frameworks for decarbonization.	**Response:** To transit to a low-carbon economy, the Company reduces the carbon footprint greatly and cost savings by partnering with LYS Energy Group in building and operating a rooftop grid-tied solar photovoltaic (PV) system. **Opportunities:** · Increase energy efficiency. · Switching to renewable energy source on phase approach.
Business ethics/Regulatory risk management	**Regulatory compliance:** Compliance with regulatory requirements protects the Company from harm, prevents employee misconduct and ensures compliance with laws. In light of HG Metal's relatively large supply chain, regulatory compliance in ASEAN countries is complex, making compliance management more challenging.	**Response:** HG group actively caution on governance compliance, ethical, fraudulent, and corrupt behaviours, ultimately limiting any associated impacts of detriment to our company and stakeholders. **Opportunities** · Reduce compliance risk. · Increase overall efficiency.

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CLIMATE-RELATED RISK AND MANAGEMENT

In December 2021, the Singapore Exchange Regulation announced that all issuers must provide climate reporting on a 'comply or explain' basis in their sustainability reports from FY2022 onwards. Although it is not mandatory for HG Metal to commit to climate reporting for this year's report, HG Metal is proud to present our climate-related disclosure. Risk and opportunities related to environment, social and governance topics are identified, reviewed, and managed by consultation with the Management. We acknowledge and recognise that the impacts of climate change are already being felt and will influence our financial performance. We have identified physical and transition risks which is consistent with the TCFD recommendation.

Process of identifying risks

In FY2022, we begin our process of identifying climate-related risks and opportunities:

- Gathering stakeholder perspectives on future climate change risks through a survey.
- Sharing the above results with the Management to prioritise the most important climate change risks for HG Metal, taking into account peers' review and company's future direction.
- Review and validation of the list of climate-related risks by the Board.

In the medium to long term, climate change poses a number of risks to the business and the key risks are identified in the table below. Climate-related trends, and the risks and opportunities identified as arising from them, are used to inform the Company's strategic outlook.

Table 2. Climate-related Disclosures which outline HG Metal's strategy in managing climate-related challenges

NO.	PILLAR/RECOMMENDATION	KEY POINTS
Governance: Disclose the organization's governance around climate-related risks and opportunities		
1	Describe the board's oversight of climate related risks and opportunities	The Board is also responsible for overseeing sustainability related matters. Oversight of climate-related risks has enabled them to understand the risk and opportunities and come up with the mitigation strategies and initiatives to move towards low carbon economy.
		To strengthen the sustainability governance, the Board has appointed the ARC to oversee broader sustainability trends, risks, and opportunities and to connect sustainability with the corporate purpose and strategy at the group level. The ARC reports directly to the Board.
		Sustainability is a continuous journey. HG Metal has set up a Sustainability Governance Committee (Figure 1) to assist the Board in executing the sustainability initiatives across the organization along with assistance from sustainability committee chaired by CEO along with the committee members and sustainability task force – representatives from relevant entities. HG Metal will consider linking executive compensation plans to performance scorecard which includes sustainability targets in the future.
		The progress or communication happens between management and the Board on sustainability reporting progress is conducted minimally twice a year and internal team meetings are conducted as needed.
2	Describe management's role in assessing and managing climate related risks and opportunities.	The ARC is in charge of sustainability governance and reports directly to the Board. It provide regular updates about sustainability initiatives from across the entities and departments, in order to help them align to the UN SDG's and the Intergovernmental Panel on Climate Change (IPCC) targets.
		Management identifies sustainability and climate-related issues and supports ESG disclosures, encourages all employees to play a part in supporting company-wide initiatives to achieve the Company's sustainability goals, assisting in ongoing monitoring of key sustainability areas and in promoting good practices in natural resource use and conservation.
		The Sustainability Committee chaired by CEO is in charge of the sustainability governance. It conducts regular meetings with the different entity task force and internal teams to check on the environmental, social and governance matters as well as the progress of climate related risks and opportunities and communicate back to the ARC and Board.

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NO.	PILLAR/RECOMMENDATION	KEY POINTS
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material		
1	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Based on the materiality assessment conducted with HG Metal, HGCS and OM by an external agency, we identified transition and physical risks which are at high priority for our operations.
		In short to medium terms, HG Metal is exploring to rely more on renewable energy source – solar energy. We are exploring solutions to maximise our usage of solar energy.
		In medium to long term, HG Metal is looking at addition of supplier evaluation steps to include the climate risk assessment and mitigations done by the suppliers and focus on reduction of waste at operations.
		Sustainability and climate initiatives play an imperative role in the Group's overall strategic plan and operational focus. The associated risks are taken into account in setting future direction of the Group.
2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	HG Metal believes in effective risk management and risk mitigation system. We plan to extend the existing risk management framework to cover the climate related risks.
		In coming years, we plan to conduct qualitative scenarios analysis that aligns with the IPCC scenarios to better understand the crucial risks for our operations and find ways to mitigate them.
3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We will keep reviewing our climate-related targets in line with the global standards and best practices progressively.
		We shall conduct the climate scenarios analysis exercise for the coming years reporting to understand the potential impacts of climate-related scenarios on the business in terms of monetary value.
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks		
1	Describe the organization's processes for identifying and assessing climate-related risks.	As a group, HG Metal has identified the climate-relate risks very relevant to where we operate like heavy rains and sea level rise and transition risks impacting their economic and social part.
2	Describe the organization's processes for managing climate-related risks.	HG Metal has set up a Sustainable Committee which coordinates with all departments in collating the risks and the mitigation factors and their approach to integrate it into company-wide risk framework.
3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	HG Metal conducted a stakeholder engagement program this year to identify and prioritize climate-related risks. There were physical risks and transition risks identified throughout the engagement, which were endorsed by the Board. As part of its risk management approach, the Management drafted a risk management plan for addressing these risks.
		Risks, Impacts and Opportunities are presented in Table 3.
Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
1	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	HG Metal embarked its sustainability journey since 2017. In FY2022 we are embarking on the TCFD journey to better evaluate the climate-related risks and opportunities and progressively move towards disclosing qualitative data, followed by quantitative with financial implications.
2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Along with transition and physical risks, HG Metal tracks the emission due to their fuel and electricity usage. We will disclose our scope 1 and scope 2 emissions year on year. Managing and reducing our energy consumption and carbon emissions would be the key focus area.
3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	To ensure proper accounting of our GHG emissions, HG Metal scopes emission streams in accordance with the GHG Protocol.
		We worked on setting the baseline and consider to improving the targets in the future.

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Managing climate-related risks

During the assessment of risks materiality, several physical risks and transition risks were assessed. After engaging stakeholders, reviewing management's practices, and analysing best practices among industry peers, the Company has streamlined a few risks and assessed their implications. This has been an ongoing process that continues to evolve. Our management is currently aligning our risk appetite with HG Metal's overall business strategy. The table below summarizes potential risks for HG Metal and our responses to them.

Table 3. List of climate-related risks that may affect HG Metal

	RISKS			
	Increased cost of raw materials	**Uncertainty in market signals**	**Changes in precipitation patterns and extreme variability in weather patterns**	**Rising sea levels**
Description	Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment).	Price fluctuation due to uncertain market or demand.	Increased capital costs (e.g., damage to facilities).	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations.
Impacts	Cost fluctuations due to various geopolitical issues leads to increase cost of water, electricity, and other raw materials.	Volatile and unstable global markets causing volatility in commodity price and reduced economic activities leading to lower sales and reduced profits.	Heavy and unexpected downpours cause driving hazards causing supply chain/logistics disruptions and low-lying facilities might be damaged due to water logging. This type of condition is conducive for corrosions which might impact the product quality and productivity losses.	Frequency of damages to the operational assets like warehouses and processing facilities.
Management Response	Monitor regularly about the regulatory changes, market trend and BCA material price index.	HG Metal will work on evaluating the suppliers based on their awareness and readiness about assessing climate related impacts.	We will be planning on finding the feasible solutions (design changes) to secure the warehouse and operational facilities.	We will work on diversifying the procurement channels.
	Focus on contract with customers for price pegged with BCA index.	Explore options to maximise the use of solar energy for our operations.	To address the variability in weather patterns and heat-related illnesses, our employees are provided with water breaks and stations across the work area and work in roof-covered area with well-ventilated for work to reduce heat stress in the workplace. In the coming years, we will explore implementing a heat stress training guide to mitigate occupational heat strain.	We will work towards planning counter measures to safeguard our premises like collaborating with local governments in projects like coastal protection and other initiatives which help mitigate this risk.
	We are creating processes to engage our employees in climate action initiatives which help us ensure our staff safety and overall production efficiency	Exploring options to reduce creating waste at our operations by optimising designs		

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MATERIALITY ASSESSMENT

Stakeholder Engagement

We believe in building positive relationships and actively engage with our internal and external stakeholders. The Company defines its stakeholder as anyone or group that the Company's business impacts significantly, and those who can affect the company's ability to pursue its business goals. We have identified the following groups to have the most influence on our operations: investors/shareholders/media, regulatory bodies, trade associations, customers, business partners, employees, and the community.

Through regular dialogue on an extensive range of topics by using various platforms and feedback mechanisms, we gain a deeper understanding of our stakeholders and their emerging needs and concerns. Table 4 shows HG Metal's responses to specific stakeholder concerns.

Table 4. HG Metal's list of stakeholders and the Company's response to their concerns

STAKEHOLDERS	APPROACH TO STAKEHOLDER ENGAGEMENT	KEY TOPICS AND CONCERNS RAISED	HG METAL'S RESPONSE
Investors/ Shareholders/Media	· Half-yearly results announcement via SGXNET and company website · Annual General Meeting and Extraordinary General Meeting · Annual report via SGXNET, company website and publication · News release statements via SGXNET · Site visits and investor mailbox	· Business impacts and resilience due to Covid-19 outbreak. · Corporate governance · ESG indicators · Financial returns	· Keep shareholders informed on key business direction and strategies. · Regularly review and enhance governance mechanisms.
Regulatory Bodies	· Forums and dialogues networking events · Seminars · Briefings and consultations	· Regulatory compliance	· Strictly adhere to regulatory requirements · Implement all COVID-19 related measures prescribed by government
Trade Associations[1]	· Forums and dialogues networking events · Seminars · Briefings and Consultation	· Sharing of best practice · Sharing and update on government policies	· Stay abreast in regulatory affairs and review business strategies when necessary
Customers	· Quality survey · Meetings and site visits · Hotline and company website	· Product quality · Customer service and experience · Ethical business practice	· Collaborate closely with customers on products/project delivery timeline. · Develop contingency plans to minimize disruption to production and delivery schedule
Business Partners[2]	· Trade fairs · Site visits · Company website	· Legal compliance · Productivity · Product quality · Ethical business practice	· Frequent communication · Work closely with trading partners and expand the network of sourcing from new suppliers
Employees	· Town hall meetings (annually) · Seminars and trainings (ad hoc) · Toolbox meeting (daily) · Safety meeting (Bi-weekly) · Performance appraisals (annually)	· Job security · Occupational safety, health, and well-being	· Continuously manage the safety, health, and wellbeing of employees · Regularly conduct compliance checks on the implementation of safe management measures in the wake of COVID-19
Community	· Community engagement and outreach activities	· Support local community	· Launched community outreach programs

1 *Refers to the Singapore Business Federation, BCI Asia Construction Information, Singapore Structural Steel Society, Singapore National Employer Federation, Singapore China Business Association, Singapore Chinese Chamber of Commerce & Industry, Singapore Metal Machinery and Singapore Iron Works Merchant*
2 *Refers to suppliers, distributors, and contractors.*

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Process of identifying material topics

Understanding our stakeholders' concerns and sustainability topics that are important to them is crucial to HG Metal. In addition to the regular dialogue depicted in Table 4, a stakeholder engagement was carried out through survey to ensure meaningful engagement with stakeholders. Of all respondents, 58% were internal stakeholders and 42% were external stakeholders, including customers, suppliers, subcontractors, and business partners (Figure 2).

To facilitate our materiality analysis, we adopted the 6-step stakeholder engagement process:

1. Identifying a list of sustainability issues that are relevant to HG Metal's operations and stakeholders.
2. Collecting stakeholder's opinions and feedback through digital channels such as online surveys on material issues
3. Reviewing and assessing stakeholders' feedback
4. Responding to stakeholders' issues and concerns
5. Prioritising material topics
6. Getting validation from the Board

Ratio of Internal vs External Stakeholders

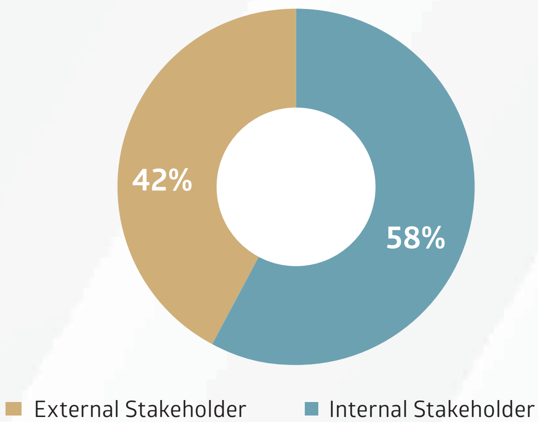

Figure 2 Distribution of respondents participating in the questionnaire for FY2022

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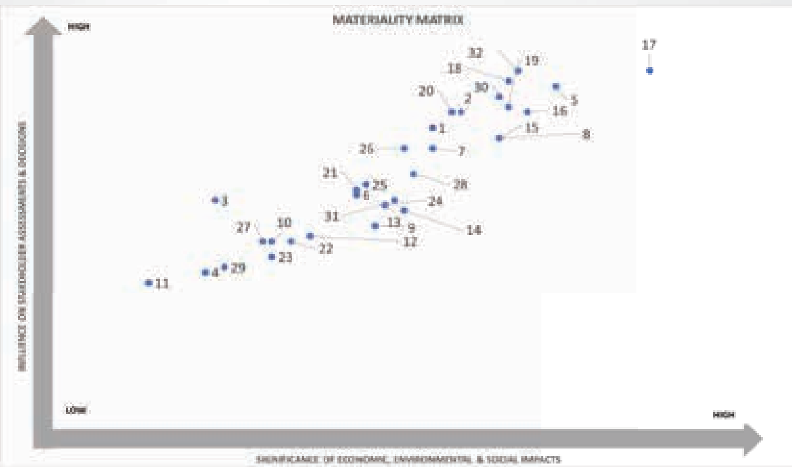
Material topics and management

Materiality assessment is a process that allows us to analyse where our operations have the greatest impact on the economy, environment, and the society and vice versa. This ensures that our sustainability efforts are focused on the topics that are most significant to our business. The materiality assessment is conducted annually and in FY2022, we identified and prioritised the sustainability topics that matter most to HG Metal and our stakeholders.

The Company has identified nine key topics that are relevant to its business after considering all aspects, including material topics reported by the Company in the past, stakeholder opinions from stakeholder engagement, topics commonly disclosed by the sector, the global trends and the Company's overall business direction.

Among the nine material topics, seven topics remained relevant. The Management has decided to disclose two new material topics, namely "Diversity and Equal Opportunity" and "Emission", resonating with the global push for increased diversity at the workplace as well as climate change. The previously disclosed topic of "Environmental Compliance" has been relocated to the governance section, while "Training and Development" has been replaced by new topics that relate more directly to HG Metal during the reporting period.



		Topics
Economy	1	Economic performance
	2	Market presence
	3	Indirect economic impacts
	4	Procurement practices
	5	Anti-corruption
	6	Anti-competitive behavior
	7	Tax strategy
Environment	8	Materials
	9	Energy
	10	Water
	11	Biodiversity
	12	Emissions
	13	Waste
	14	Supplier environmental assessment

		Topics
Society	15	Employment
	16	Labor/ Management relations
	17	Occupational health and safety
	18	Training and development
	19	Diversity and equal opportunity
	20	Non-discrimination
	21	Freedom of association and collection bargaining
	22	Child labor
	23	Forced or compulsory labor
	24	Security practices
	25	Rights of indigenous people
	26	Human rights assessment
	27	Local communities
	28	Supplier social assessment
	29	Public policy
	30	Customer health and safety
	31	Marketing and labelling
	32	Customer privacy

Figure 3 Materiality Matrix of HG Metal for FY2022

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Table 5 List of material topics and its boundaries

	Material Topics	BOUNDARY, WHERE IMPACT OF THE MATERIAL TOPIC OCCURS									Impacts Addressed in the Report
		Within HG Metal's Operation[3]			Outside HG Metal's Operation[4]						
		Directors	Management	Employees	Investors/ Shareholders/Media	Business partners	Customers	Regulatory agencies	Trade associations	Community	
GRI MATERIAL TOPICS IDENTIFIED THROUGH THE STAKEHOLDER ENGAGEMENT SURVEY[5]											
1	Anti-Corruption (GRI 205)	x	x	x	x	x	x	x			Fair Market Place
2	Occupational Health and Safety (GRI 403)		x	x		x	x	x	x		Safe Workplace
3	Diversity and Equal Opportunities (GRI 405)	x	x	x							Valued and Inclusive Workplace
GRI MATERIAL TOPICS THAT WERE IDENTIFIED AS MATERIAL IN FY2021, AND THEY ARE COMMONLY DISCLOSED BY PEERS IN SECTOR											
4	Marketing and Labelling (GRI 417)					x	x	x	x		Fair Market Place
5	Employment (GRI 401)	x	x	x						x	Valued and Inclusive Workplace
6	Effluents and Waste (GRI 306)		x	x				x		x	Environmental Protection
7	Energy (GRI 302)		x	x				x		x	Environmental Protection
8	Emission (GRI 301)		x	x				x		x	Environmental Protection
NON-GRI MATERIAL TOPICS WHICH HAVE BEEN VOLUNTARILY DISCLOSED BY HG METAL											
9	Product Quality	x	x	x	x	x	x				Fair Market Place

3 HG Metal's operation has contributed directly to this impact.
4 HG Metal contributes indirectly through business relationships, stakeholder legitimacy, etc.
5 Customer privacy and customer health and safety although ranked high, these topics are not relevant to HG Metal. Labour/management relations is also not important to the Group as there is no to minimum operational changes.

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CORPORATE CITIZENSHIP AND PERFORMANCE

MARKET PLACE

Corruption Risk Management

As a public company listed on the Mainboard of the SGX-ST, HG Metal needs to be responsible and accountable to a wide range of stakeholders. Maintaining high standards of business conduct and ethics are paramount to our long-term success. HG Metal does so by following the HG Group's Philosophy & Vision which states that one of the five core values is to behave in a trustworthy manner with zero tolerance for any form of corruption and fraud for the cause of promoting its business. The Company is committed to maintaining a high standard of corporate conduct and employees are guided by a comprehensive governance framework in the way we conduct business.

Anti-Bribery & Corruption Policy

The Group is committed to conducting business in an ethical and honest manner and in compliance with all applicable laws and regulatory requirements for the prevention of corruption, bribery, and extortion. It is our policy to adopt a zero-tolerance approach towards corruption and bribery of any form in our business and are committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever we operate.

HG Metal strives to ensure that the Company's business partners share the same zero-tolerance policy against corruption by communicating this policy to business partners. To ensure that all employees are aware of their responsibilities, the Group provides training on this policy as part of the induction process for all new employees and regular training will be provided as necessary. We also broadcast our anti-corruption policy twice a year. New director with no prior experience shall attend the training on role and responsibilities as prescribed by SGX.

Employees have the responsibility to communicate to all suppliers, contractors, business partners, and any third parties on the Group's anti-bribery and corruption policy.

Whistle Blowing Policy

The Company also in place a grievance mechanism to provide a clear and transparent framework for stakeholders to raise their concerns and seek remedy for the Company's potential and actual impact on them, including impacts on human right. This may include raising concerns about the Company's business conduct and implementation of the Company's policies.

To develop a culture of the highest possible standards of ethical, moral, and legal business conduct, the Whistle Blowing Policy was established to provide a framework by which employees may raise concerns concerning the above-mentioned and reassure the employees that they will be protected from reprisals or victimization for whistle blowing in good faith and without malice. Concerns over or reports of alleged wrongful acts shall be reported in writing to the Chairman/members of the ARC of HG Metal. To ensure that all employees are educated and keep updated with the Whistle Blowing Policy, a copy of this policy is made available through publication at the notice board of the Group or such other means as may be approved by the ARC. There were no cases reported through this channel in the reporting year.

Conflict of Interest Policy

The Group is committed to conduct business in a manner that ensures its officers/employees' business judgment and decision making is not influenced by undue personal interests that creates any conflict of interest to the Group. This policy serves as a framework to manage and safeguard any conflicts of interest with all the entities within the Group. All officers/employees of the Group are expected to adhere to the highest standards of personal and professional integrity and shall protect the interests of the Group. This policy is applicable to Board to set an appropriate tone-from-the-top. Directors facing the conflict of interests recuse themselves from the discussion and decision involving the issues of conflict.

During the reporting year, there were no incidents and no public legal case of non-compliance against the Company or our employee's concerning corruption, fraud, extortion, or money laundering. There were also no incidents where contracts with business partners were terminated or not renewed due to violation related to corruption. Moving forward, the Company

SUSTAINABILITY REPORT

aims to continue to raise employees' awareness with training programs concerning ethical work culture to instil high standards of honesty and integrity in behaviour and decision-making at HG Metal.

Our Policy Commitment

An organization's values lay the foundation for what the company cares about most. At HG Metal, our quality, value, innovation, and consistent availability are some of our founding principles that we strongly believe in. As part of our commitment for responsible business conduct and our due diligence process, we obtained ISO 9001:2015 to demonstrate our ability to provide products that meet customer and statutory requirements. We deliver long-term business growth and value creation for stakeholders while delivering purpose and care for our people and the environment. This is supported by our five corporate values: integrity, passion, deliver solution, high-quality service, humility which is available on our corporate website. In addition, respect for human rights is a fundamental value at HG Metal. We show our support for human rights in our operations by upholding the rights of stakeholders who engage with us freely and without fear or coercion, with no tolerance for reprisals or any other abuse of the rights of individuals. We understand the importance of human rights and a policy to govern our operations. As such, we will be working towards policy commitments related to human rights.

In our decision-making process, we also apply the precautionary principle. This principle states that when our activities might cause serious or irreversible threats to the environment, human health and/or well-being, we need to come up with alternative approach to avoid or reduce the potential harm. Our Group policies are implemented internally at all level and responsibility for ensuring compliance with our codes of conduct and internal policies lies with the Management. We recognize that continually nurturing and developing the ethical culture of HG Metal help to build trust and ensure the successful execution of our business strategy.

Compliance with Laws and Regulations

The reporting year was free of significant non-compliance with law or regulation, and no fines or non-monetary sanctions were paid. HG Metal defines significant instances of non-compliance based on severity of the impact resulting from the instance.

Other relevant business relationships

We recognise that industry associations can have significant influence on providing expertise on critical issues related to sustainability and industry development. Therefore, as industry trends continue to evolve, we joined the associations listed in table 4-footnote:1 to keep ourselves updated on best practices.

Product Quality

To ensure high quality products are delivered to customers, HG Metal pays close attention on the quality, value, innovation, and consistency of products. HG Metal's commitment is demonstrated through its Quality Control and Assurance Process and Quality Check Process. Through these two policies, the process for quality control is defined and this ensures that all materials and finished products are inspected and conformed to the required specifications and conditions.

HG Metal ensures its operation system meets global standards with its ISO 9001: 2015 certification, showcasing the ability to meet stringent quality requirements. This certification establishes credibility and trust within consumers, stakeholders, and other business partners. In order to uphold our high-quality service, we conduct annual customer satisfactory survey to gather customers' satisfactory rate and feedback. When necessary, corrective measures are made after reviewing and analysing the results of the customer satisfaction survey.

HG Metal also implements a Perfect Order System with the aim of achieving 100% accuracy in each stage of the product and service delivery process. Product-related activities have been controlled, monitored, documented, and reviewed throughout the Company. We track gate-to-gate workflow from receiving dock to shipping dock, where ready-to-install products are transported for distribution to customers. Through this tracking system, HG Metal can identify relevant product batches in case a quality check is required during the manufacturing process. We ensure that every delivery to the customer meets its specified quality requirements with the help of skilled staff who are closely involved in the ordering, customizing, and delivery process.

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For FY2022, the data presented is at a consolidated level to review the Group performance instead of entity level. We have met our FY2022 target for all three quality objectives below and have set near- and mid-term targets to achieve our quality standards.

Table 6. HG Metal performance and targets of the quality objectives

	FY2020	FY2021	FY2022	Target (FY2022)	Near-term target (FY2023)	Mid-term target (FY2024-2025)
On-time delivery as per customer schedule, %	99.12	99.41	99.63	96.00	99.00	99.00
Reject or goods returned from customer orders, %	0.06	0.10	0.03	0.30	0.30	0.30
Average percentage score from customer satisfaction rating from customer surveys, %	92.47	89.50	96.00	90.00	90.00	90.00

Marketing and Labelling

To maintain the loyalty of our customers and attract new customers, it is important for HG Metal to market and advertise products and services responsibly especially since the product information is important in designing for safety in buildings and structures. It is therefore essential that our labelling is comprehensive, accurate and clear, to gain the trust of our customers.

When steel is used in a building project, information from mill test acts as a quality assurance document that certifies a metal product's chemical and physical properties. All incoming products are pre-tested by suppliers and documented with HEAT numbers from mill test certificates. This process enhances internal traceability within HG Metal's facilities and external traceability when the product goes to the consumers. The risk of consumers misusing defective steel products in their building or steel structures is decreased by this tracking and certification system.

HG Metal does third-party testing or hires inspection bodies to conduct additional product qualification checks based on customer needs. The Company follows international guidelines and standards, including British Standards ("**BS**"), Singapore Standards ("**SS**"), European Standards ("**EN**"), American Society for Testing and Materials ("**ASTM**"), and Japanese Industrial Standards ("**JIS**") to validate product origin, steel grades, and requirements. 100% of our products are tested by mill and assessed for compliance.

In the reporting year, there were no major incidents of non-compliance concerning product and service information labelling of any kind or non-compliance with laws or regulations related to marketing communication. In addition, as part of our voluntary disclosure, the Group performance has met the target set for FY2022 and we have set more ambitious target in Table 7.

HG Metal is committed to continue providing quality and accurate marketing and labelling to contribute to safe building and construction design. As a result, near-term and mid-term targets were created to show the Group's commitment to supplier retention and compliance concerning incoming products and labelling.

Table 7. HG Metal performance and targets of marketing and labelling

	FY2022	Target (FY2022)	Near-term target (FY2023)	Mid-term target (FY2024-2025)
% of supplier retention rating from total number of on-going suppliers in annual schedule	87.00	85.00	85.00	86.00
% of non-compliance concerning of incoming products and labelling in annual schedule.	0.07	2.00	1.50	1.00

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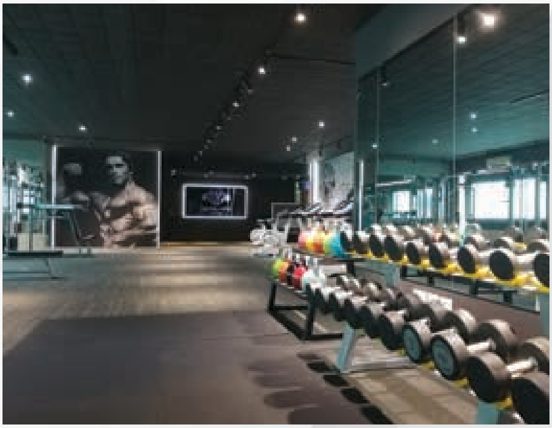
WORKPLACE

Employment

Our employees are key to HG Metal's long-term growth and success. At HG Metal, we recognize that attracting and retaining talents is essential to building a resilient and thriving workforce. Nurturing and growing our culture, building workforce capability, and supporting and developing our employees so that they can achieve their full potential are key priorities for HG Metal.

We comply with the local labour and human rights regulation by abiding with Singapore's Ministry of Manpower's ("MOM") Employment Act and ensure that employment practices are aligned with the tripartite guidelines set by the Tripartite Alliance for Fair and Progressive Employment Practices ("**TAFEP**"). We empower our employees by investing in their professional and personal development and we drive positive employee behaviours at work through our corporate core values.

We have a strong and diverse workforce as seen from our employment numbers in Table 8. We have a total of 180 employees, of which all are permanent and full-time employees and we do not have any temporary or non-guaranteed hours employees.



SUSTAINABILITY REPORT

Table 8. HG Metal employment[6] indicators

	FY2020	FY2021	FY2022
Employment by gender, (%)			
Male	77.00	76.65	79.44
Female	23.00	23.35	20.56
Employment by age group, (%)			
Under 30 years old	28.00	17.97	14.44
30-50 years old	52.00	62.87	67.78
Over 50 years old	20.00	19.16	17.78
New employee hired, (%)			
Annual rate	9.80	24.1	33.89
Employee turnover, (%)			
Annual rate	14.09	18.67	23.89
Employee by nationality, (%)			
Local	37.00	42.00	35.00
Foreigner	63.00	58.00	65.00
Employee by length of service, (%)			
Less than 5 years	66.00	65.27	67.22
5-10 years	21.00	23.95	22.78
More than 10 years	13.00	10.78	10.00

Note: employment data excludes directors

Annual new hire rate and turnover rate for FY2022 is 33.89% and 23.89% respectively. The new hire rate and turnover rate are higher than last year due to an increase in the voluntary turnover rate. We continue to attract and retain talents while actively monitoring our turnover levels against industry benchmarks. From this we can gain an understanding of levels of employee engagement and better target programmes and opportunities to our employees.

6 *Numbers are based on full time equivalent and indicate total number of headcount at the end of the reporting period.*

SUSTAINABILITY REPORT

Table 9. HG Metal hiring and turnover of FY2022

			Male	Female
Hiring				
Total number of new employee hires	Age	Under 30 years old	9	3
		30-50 years old	35	10
		Over 50 years old	3	1
	Region	Local	7	10
		Foreigner	40	4
Hiring rate (%)				
Total number of new employee hires	Age	Under 30 years old	5.00	1.67
		30-50 years old	19.44	5.56
		Over 50 years old	1.67	0.56
	Region	Local	3.89	5.56
		Foreigner	22.22	2.22
Turnover				
Total number of employee turnover	Age	Under 30 years old	7	3
		30-50 years old	19	7
		Over 50 years old	4	3
	Region	Local	21	10
		Foreigner	9	3
Turnover rate (%)				
Total number of employee turnover	Age	Under 30 years old	3.89	1.67
		30-50 years old	10.56	3.89
		Over 50 years old	2.22	1.67
	Region	Local	11.67	5.56
		Foreigner	5.00	1.67

Note: Directors are excluded

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Employee Benefits

We recognize the impact every employee's health and well-being has on our workplace and productivity, and we take measures to protect our employees and ensure their continued happiness and success. In the reporting year, HG Metal carried out several initiatives to help consolidate its position as an attractive employer and to promote employee wellbeing. This includes the launch of the Fitness Gym Club and a company trip to Langkawi. In addition, we believe we can have a positive impact by supporting parents and caregivers to spend more time with their children at an important stage in their early childhood development. The number of employees who took parental leave is shown in Table 10.

Table 10. HG Metal Employees parental leave of FY2022

	Male	Female
Total number of employees that were entitled to parental leave in 2022	13	10
Total number of employees that took parental leave in 2022	10	10
Total number of employees that returned to work in the reporting period after parental leave ended	10	10
Total number of employees that returned to work in the reporting period after parental leave ended that were still employed 12 months after their return to work	4	6
Return to work of employees that took parental leave in the reporting period	100%	100%
Retention rate: employee retained 12 months after returning to work after parental leave ended	80%	86%

Collective bargaining agreements are not part of HG Metal's policy because the Management and employees are committed to developing a strong labour management relationship based on mutual trust and respect. As such, the Company does not have any employees covered under such agreements.

Diversity and Equal Opportunity

HG Metal's stakeholders have recognised the importance of diversity and equal opportunity as a material topic this year. Diversity and equal opportunity are a fundamental part of our business strategy while fostering an inclusive culture where employees work towards a common goal. We ensure that there is diversity of thought and promote a culture of inclusion in a workplace where everyone feels valued and can contribute actively. By strengthening diversity in our workforce, we get new viewpoints and perspectives which act as a driving force behind innovations.

We believe embracing diversity and inclusion is the key factor in attracting the best talent and producing quality work. Our commitment is also reflected in our Board Diversity Policy. The Company recognises and embraces the importance and benefits of having a diverse representation of the Board to better support the Company's strategic objectives for sustainable development by enhancing the decision-making process of the Board through the different perspectives offered. Board diversity is considered from several perspectives, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, knowledge and skills, independence, length of service and other relevant qualities considered essential for the effective governance of the Company.

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We employ appropriate measures and activities to promote a conducive working environment in which all employees can develop to the best of their potential. Our hiring procedures are fair, merit-based, and non-discriminative. In FY2022, there were zero number of incidents of discrimination.

Table 11. HG Metal Diversity of Board based on gender

	Male	Female
Independent non-executive and executive director (%)	75.00	25.00

Table 12. HG Metal Diversity of Board based on age group

	30-50 years old	Over 50 years old
Independent non-executive and executive director (%)	25.00	75.00

Table 13. HG Metal Diversity of employees based on gender

	Male	Female	Total
Senior management (%)	1.67	0.56	2.23
Middle management (%)	3.33	4.44	7.77
General (%)	74.44	15.56	90.00

Table 14. HG Metal Diversity of employees based on age group.

	Under 30 years old	30-50 years old	Over 50 years old
Senior management (%)	0.00	0.56	1.67
Middle management (%)	0.00	3.89	3.89
General (%)	14.44	63.33	12.22

Occupational Health and Safety

Safety is one of our core values, and upholding this value ensures that everyone goes home safe each day. Both leadership and employees take an active role in promoting safety and contributes to excellence in our HSE performance. Our strong safety culture is a direct results of our people working together across all levels to manage a constantly changing work environment. Workplace safety consists of various sets of procedures, conditions, and settings, from personal safety to operational and process safety, which focuses on the equipment and procedures that contain risks or minimize risk exposure. HG Group is committed to implement and maintain a Quality Occupational Health, Safety and Environmental Management System ("**QOHSE**") that continually improves effectiveness and performance.

Our HSE Management System

At HG Metal, the health and safety of its employees is of the highest priority. Various controls that govern the overarching safety culture and practices of the Group, which includes our work systems and processes, have been introduced and implemented across HG Metal. Our commitment to high ethical standards, legal compliance, and integrity is reflected in our safety and environmental policies our Health, Safety & Environment ("**HSE**") Management System. We drive continuous improvement in all safety and health-related aspects across our operations. With the ISO 45001:2018 accreditation and bizSAFE STAR status, HG Metal aims to provide a safe and healthy workplace for all staff, contractors, and visitors. The QOHSE Policy and Management System shall be periodically reviewed to ensure continually suitability, to ensure it meets the requirements of HG Group, our customer and market.

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Assessing Risks

As part of our bizSAFE STAR certification, we conduct risk assessments for all work activities and comply with WSH (Risk Management) Regulations. These risk assessments must be reviewed as and when the work activities change or every 3 years, by law. We also conduct HSE risk assessment for every activity and risks are identified, and actions taken to eliminate or reduce the risks through the use of technology, proper planning of activity, improved training and awareness, and workers participation and consultation in decision making.

Based on the hazards identified for each step of the activity, the risk levels will be determined and according to the risk levels, a risk control plan will be implemented to eliminate or reduce the risks. We also adopted the Plan-Do-Check-Action ("**PDCA**") approach to enhance our HSE Management System with commitment from the top management.

Occupational Health Services

HG Metal provides occupational health services to identify, eliminate, and minimise hazards. At HG Metal, the main type of work-related to ill health is noise induced deafness. To protect our workers, audiometric test is introduced as part of hearing conservation programme to identify noise hazard, monitor noise level at the plant and protect exposed employees from the adverse effects of noise.

Employee participation, consultation, and communication on OHS

We adopt an open communication policy through active participation and consultation with our employees and involved them in decision making. Learnings from our past incidents and near misses are reviewed and communicated to our workers to ensure that similar mistakes are not made again. We encourage the participation and consultation of workers on matters relating to the HSE performance of the organization. Workers' representatives are appointed for each Business Units to represent workers in decision-making, seeking their views and listening to their feedbacks on matters affecting their health and safety. These are discussed in the Monthly Health, Safety and Environmental Committee meeting. This is an effective two-way communication channel that reinforces the basics of safety.

Employee Training on OHS

Proactive programmes to strengthen training on health and safety have demonstrated our focus and resolve towards providing a safe workplace. Our HSE Policy is communicated to all business units and their employees by displaying the policy at prominent area, through briefings or emails. All new employees are provided with instructions regarding the safety-relevant aspects of their workstations as part of the induction process. After that, they are required to participate in safety-awareness briefings that are held on a regular basis. We have also sent our workers to specialised training courses for certain areas of work, including offices in production areas and at development units.

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Some safety-related trainings we conduct are:

- All Regulatory Competence Training such as Forklift driver/operator, Over-head crane operation, Basic Metal Work
- OJT on their respective workplace scope of work. Cutting and Bending operations
- Workplace Risk Assessment and its relative safe work procedures
- Safety Orientation training for new employees
- ISO IMS Awareness 7.3 Requirements Training

Promotion of Employee Health

We want to motivate employees to develop healthy lifestyles and reinforce their sense of personal responsibility regarding their health. The Company provides employees with health insurance covering medical expenses. The Company's operations are supported by qualified first-aiders who had received intensive training on first aiding. Besides, supervisors are encouraged to have regular weekly conversations with their workers to check if there are any mental health related issues troubling them.

This year, we also have our very own Company Gym Club that is accessible for all employees, and this not only improves the physical health of our employees but also their mental wellbeing.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Beyond caring for our direct employees, HG Metal cares about health and safety of workers at its premises and of those working at operations of its business partners. Health and safety requirement forms one of the requirements in the Contractors Management System, allowing to assess contractors' performance on safety compliance. The hierarchy of controls is applied and provision of Personal Protective Equipment ("**PPE**") such as hearing protectors, helmets, gloves, and safety shoes. We also do noise mapping and monitoring to determine if there is any workplace with excessive noise and assessing if there is any damaging impact it may have on employees.

Employees covered by an OHS management system

All HG Metal staff are covered by the OHSE Policy which is under the HSE Management systems. We are committed to continuous improvement of our HSE performance by setting SMART objectives, implementing, and maintaining the management systems and go beyond compliance with the legislation and industrial requirements.

Work-related Injuries

All incidents are investigated, and the root cause analysis was conducted before the corrective and preventive actions are proposed. Measures were taken to enhance workers knowledge and safer work practices. Incidents report and outcome were shared internally to prevent recurrence.

Our work-related injuries for FY2021 and FY2022 for employees are recorded in Table 15. We are pleased to report that we have zero injury and fatality for our operations at HG Metal and OM. Due to the nature of operations at HGCS which involves rebar cutting and bending, there were some cases of injuries. HG Metal will investigate these cases, review the risk assessment process, and ensure that the hierarchy of controls is properly exercised. Workers should wear proper PPE, and attend refresher training. Engineering controls also protect workers by placing a barrier between the worker and the hazard.

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Table 15. Work related injuries for employees

Operations and reporting year		HG Metal		OM		HGCS	
		2021 Employee	2022 Employee	2021 Employee	2022 Employee	2021 Employee	2022 Employee
Number of fatalities by work-related injury		–	–	–	–	–	–
Rate of fatalities by work-related injury		–	–	–	–	–	–
Number of high-consequence work-related injuries[7] (Excluding fatalities)		–	–	–	–	–	–
Rate of high-consequence work-related injuries (Excluding fatalities)		–	–	–	–	–	–
Number of recordable work-related injuries	Major	–	–	–	–	2	1
	Minor	1	–	–	–	8	3
Rate of recordable work-related injuries[8]		1.43	–	–	–	8.77	3.15
Number of lost-work days as a result of work-related injuries		0.07	–	–	–	1.15	0.40

We are committed to continual improvement our QHSE performance by setting SMART objectives, implementing, maintaining, and monitoring the QHSE management systems, setting new benchmarks and go beyond compliance with the legislation and industrial requirements.

Table 16. HG Metal Targets of OHS

Target (FY2022)	Near-term target (FY2023)	Mid-term target (FY2024-2025)
· Comply with health and safety related laws and regulations	· Strive to improve the safety standards of the workplace environment and strict compliance to the WSH Act and Regulations to prevent injuries and aim for zero fatalities and declining trend in workplace accidents	· Through continual evaluating our workplace processes in strict compliances with legal requirements and other requirements to achieve zero incidents of non-compliance with laws and regulations that would result in financially punitive measures
· Enhance incident reporting system	· To reduce the rate of major work-related injury	· To reduce the rate of major work-related injury
· Implementation of "Stop-Work" policy when employee health and safety is at risk	· Enhance the stop work policy and maintain ZERO stop workdays	· Enhance the stop work policy and maintain ZERO stop workdays
· Implement annual health initiatives	NA	NA

7 *Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months*
8 *Rates have been calculated based on 200,000 hours worked*

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ENVIRONMENT

From rising mean temperatures to rising sea levels, we continue to experience the adverse effects of climate change, which places both humanity and ecosystems at stake. This is projected to intensify over the next decade as GHG emissions continue to rise. Sustainable business practices begin with a sound Environmental Management System ("**EMS**"). Guided by this EMS, a set of systems and procedures is in place to ensure that resources are effectively used and managed, and that laws, regulations, and other environmental requirements are met.

At HG Metal, we care of the environment and demonstrate our commitment by providing the sponsorship to the World Wildlife Fund, of which the fund will be used for conservation efforts. Internally, we also reduce our environmental impact and promote effective use of resources as per our EMS and QHSE policy.

Energy

The topic of climate change and environment is an important agenda for HG Metal. We are committed to minimising our environmental impact while delivering long-term value to our stakeholders. In accordance with the international standard ISO 14001, we have in place an EMS framework. All employees are responsible for complying to conservation practices within the Company's business premises by turning off lights and equipment when not needed and adopting energy efficient equipment whenever possible.

In FY2022, our energy intensity for both scope 1 and 2 reduced as compared to FY2021. We remain committed to increasing the adoption of renewable energy. This year our solar panels run on full capacity, producing a total of 1,074,232 kwh with 564,164 kwh exported back to the grid. At the same time, our fuel equipment is regularly maintained to ensure they remain energy efficient. Moving forward, we have set near-and mid-term targets to combat climate change. Our targets reaffirm the Group's priority of transitioning to renewable energy.

HG Metal Energy consumption

Scope 1 – direct emissions

FY2022
215,300 litres

FY2021
205,844 litres

FY2020
157,393 litres

Scope 2 – indirect emissions, electricity consumption

FY2022
1,374,524 kWh

FY2021
1,316,087 kWh

FY2020
1,047,941 kWh

Scope 1 – Energy Intensity

FY2022
1,411 litres/S$1 million revenue

FY2021
1,516 litres/S$1 million revenue

FY2020
2,023 litres/S$1 million revenue

Scope 2 – Energy Intensity

FY2022
9,006 kWh/S$1 million revenue

FY2021
9,606 kWh/S$1 million revenue

FY2020
13,472 kWh/S$1 million revenue

SUSTAINABILITY REPORT

Table 17. HG Metal Energy Target

FY2022 Target	Near-term (FY2023)	Mid-term (FY2024-2025)
• Set baseline on PV solar energy	• Solar panels (renewable sources) for 30% of total energy consumption.	• Switching to renewable energy source on a phase approach, where possible. • To maintain solar panels renewable sources as minimum 30% of total energy consumption.

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Emission

We are committed to optimising our energy footprint and the associated carbon profile of our day-to-day operations. We recognise that managing our energy usage and reducing carbon emissions is fundamental to our viability, prosperity, and responsibility as a good corporate citizen.

We calculate our carbon emissions according to the Greenhouse Gas (GHG) Protocol. At HG Metal, the major contributors of emissions are diesel and electrical consumption. Carbon emission is calculated in CO_2e and the types of GHGs covered by the Kyoto Protocol: carbon dioxide CO_2, methane CH_4, nitrous oxide N_2O, hydrofluorocarbon HFCs, perfluorocarbon PFCs and sulfur hexafluoride and in accordance with the GHG Protocol. HG Metal uses the operational control method in the calculation.

Scope 1 emissions are direct emissions from sources within the operational boundary that are either owned or controlled by the Company. Diesel is also for mobile combustion as our fleet of vehicles are used for transportation. No biogenic CO_2 emissions are emitted.

Scope 2 emission consists of all emissions that occur when the Company purchases and consumes electricity that are generated at a source not owned or reported by the Company. Electricity consumption by location-based was the only Scope 2 emission source relevant to HG Metal. In our offices and fabrication facilities, energy in the form of electricity is used for lighting and air-conditioning. As our environmental data only covers operation in Singapore, there is no heating, cooling, or steam consumption. Under scope 2 emissions, approximately 37% of our electricity consumed were from our solar energy production.

HG Metal Carbon emissions[9]

Scope 1 – Direct emissions[10]

FY2022
585.14 tonne CO_2

Scope 2 – Indirect emissions, Electricity consumption[11, 12]

FY2022
557.64 tonne CO_2

Total Carbon Emissions from Scope 1 & 2

FY2022
1,142.78 tonne CO_2

Scope 1 & 2 Carbon Emissions Intensity

FY2022
7.48 tCO_2e/S$1 million revenue

9 *This is the first year of disclosing emissions for HG Metal hence no past comparison was made.*
10 *Conversion factor for litres of diesel to $kgCO_2e$ is based on methodology provided by the Global Compact Network Singapore Carbon & Emissions Recording Tool = 75.2427 $kgCO_2e$/GJ for transport.*
11 *Electricity emission factor for FY2022 is based on Singapore's Grid Emission factor (AOM) by Energy Market Authority (EMA): 0.4057 $kgCO_2$/kWh.*
12 *Energy converted by solar panel is using the grid emission factor of the reporting year given that the environmental attribute is not covered by the solar contract agreement.*

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Waste

Our waste commitment includes reducing waste generation at source and responsibly handling any waste that we produce, in line with the circular economy approach. In line with Singapore's Zero Waste Masterplan, our goal is to have zero landfill waste and we strive to achieve this goal by adopting the 4R (Refuse, Reduce, Reuse and Recycle) principles of the waste mitigation hierarchy. At HG Metal, we greatly value our recycling performance. We place sustainability at the heart of our business strategy to better align our products and services to create long-term value for our business and our stakeholders. We do so by effective waste management and promote the concept of waste prevention and recycling.

We witnessed a steady decrease in material waste generated from production for HGCS from 3.46% in FY2021 to 2.94% in FY2022. This decrease is due to improvement in optimisation of production. In addition, recycling scrap metal not only conserve natural resources but also reduces greenhouse gas (GHG) emissions significantly as mining, processing, and transporting metals requires a lot of energy. HG reviewed the existing waste disposal practice and formalised a waste segregation system. A total of 110.43 tonnes of general waste were collected by the approved waste vendor and recycled.

Table 18. HG Metal performance and targets of material waste

	FY2020	FY2021	FY2022	Target – FY2022	Near-term target (FY2023)	Mid-term target (FY2024-2025)
Material waste from production (%)	3.94	3.47[13]	2.94	< 4.00	< 3.90	< 3.80

13 There has been an adjustment to the FY2021 data due to updated production volume.

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GRI CONTENT INDEX

Statement of use	HG Metal has reported in accordance with the GRI Standards for the period 1 Jan 2022 to 31 Dec 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	REASONS FOR OMISSION	PAGE NUMBER(S) AND/OR URL(S)	SGX REQUIREMENT
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-1 Organizational details		Page 18	
	2-2 Entities included in the organization's sustainability reporting		Page 18	
	2-3 Reporting period, frequency and contact point		Page 18-19	
	2-4 Restatements of information		Page 45	
	2-5 External assurance		Page 19	
	2-6 Activities, value chain and other business relationships		Page 18 Page 1 of AR	
	2-7 Employees		Page 34	
	2-8 Workers who are not employees	Not applicable		
	2-9 Governance structure and composition		Page 56 of AR	PN7.6-3.1
	2-10 Nomination and selection of the highest governance body		Page 57-59 of AR	
	2-11 Chair of the highest governance body		Page 59-60 of AR	
	2-12 Role of the highest governance body in overseeing the management of impacts		Page 21 Page 53, 78 of AR	
	2-13 Delegation of responsibility for managing impacts		Page 53-54 of AR	
	2-14 Role of the highest governance body in sustainability reporting		Page 21-22	
	2-15 Conflicts of interest		Page 52 of AR	
	2-16 Communication of critical concerns		Page 31	
	2-17 Collective knowledge of the highest governance body		Page 21	
	2-18 Evaluation of the performance of the highest governance body		Page 63 of AR	
	2-19 Remuneration policies		Page 64-65 of AR	
	2-20 Process to determine the remuneration			

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	REASONS FOR OMISSION	PAGE NUMBER(S) AND/OR URL(S)	SGX REQUIREMENT
	2-21 Annual total compensation ratio	Confidential due to commercial sensitivity	compensation band of the Directors as well as key management disclosed. – Page 81-82 of AR	
	2-22 Statement on sustainable development strategy		Page 20	
	2-23 Policy commitments		Page 32	
	2-24 Embedding policy commitments		Page 32	
	2-25 Processes to remediate negative impacts		Page 31-32	
	2-26 Mechanisms for seeking advice and raising concerns		Page 31-32	
	2-27 Compliance with laws and regulations		Page 32	
	2-28 Membership associations		Page 32	
	2-29 Approach to stakeholder engagement		Page 27	
	2-30 Collective bargaining agreements	Not applicable	Page 37	
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics		Page 28-29	
	3-2 List of material topics		Page 30	PN7.6-4.4.1.a
ANTI-CORRUPTION				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 31-32	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 205: Anti-corruption 2016	205-3: Confirmed incidents of corruption and actions taken		Page 32	
ENERGY				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 42	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 302: Energy 2016	302-1 Energy consumption within the organization		Page 42	
	302-3 Energy intensity			

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	REASONS FOR OMISSION	PAGE NUMBER(S) AND/OR URL(S)	SGX REQUIREMENT
EMISSIONS				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 42	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		Page 44	
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions			
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable		
WASTE (REFERENCING GRI)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 45	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Page 45	
	306-2 Management of significant waste-related impacts		Page 45	
	306-3 Waste generated	Not applicable		
	306-4 Waste diverted from disposal	Not applicable		
	306-5 Waste directed to disposal	Not applicable		
EMPLOYMENT				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 34	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		Page 35-36	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Page 37	
	401-3 Parental leave		Page 37	

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	REASONS FOR OMISSION	PAGE NUMBER(S) AND/OR URL(S)	SGX REQUIREMENT
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 37	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		Page 38	
	405-2 Ratio of basic salary and remuneration of women to men	Confidential due to commercial sensitivity		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		Page 38	
OCCUPATIONAL HEALTH & SAFETY				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 38	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		Page 38	
	403-2 Hazard identification, risk assessment, and incident investigation		Page 39	
	403-3 Occupational health services		Page 39	
	403-4 Worker participation, consultation, and communication on occupational health and safety		Page 39	
	403-5 Worker training on occupational health and safety		Page 39	
	403-6 Promotion of worker health		Page 40	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Page 40	
	403-8 Workers covered by an occupational health and safety management system		Page 40	
	403-9 Work-related injuries		Page 40-41	
	403-10 Work-related ill health	Not applicable		

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	REASONS FOR OMISSION	PAGE NUMBER(S) AND/OR URL(S)	SGX REQUIREMENT
MARKETING AND LABELLING				
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 33	PN7.6-4.4.1.c; PN7.6-4.4.1.d; PN7.6-4.4; LR711B-1 b&c
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling		Page 33	
	417-2 Incidents of non-compliance concerning product and service information and labelling		Page 33	
	417-3 Incidents of non-compliance concerning marketing communications		Page 33	
PRODUCT QUALITY (NON-GRI)				
	Management approach disclosures		Page 32-33	
	Performance of product quality management			

CORPORATE GOVERNANCE REPORT

HG Metal Manufacturing Limited (the "**Company**") and its subsidiaries (the "**Group**") is committed to complying with the Code of Corporate Governance 2018 ("**Code**") so as to ensure greater transparency and to safeguard the interests of shareholders. This report describes the Company's corporate governance practices and activities with specific reference to the Code established by the Singapore Corporate Governance Committee and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1
The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 **Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

The Board of Directors (the "**Board**") comprises 1 Executive Director and 3 Non-Executive Directors. All of the Non-Executive Directors are Independent Non-Executive Directors. The Board's primary role is to protect and enhance long-term shareholder value. To fulfill this, apart from its statutory responsibilities, the Board's principal functions include the following:

(a) approving the Group's corporate and strategic directions taking into account the key investor relations of the Group;

(b) establishing goals for the Management and monitoring the achievement of these goals;

(c) ensuring the quality, effectiveness and integrity of management leadership;

(d) approving annual budgets, investment and divestment proposals;

(e) appointment of Board Directors and key managerial personnel;

(f) ensuring an effective risk management framework is in place to safeguard shareholders' interests and the Group's assets;

(g) reviewing financial performance and implementing financial policies which incorporate risk management, internal controls and reporting compliance;

(h) consider sustainability issues such as environmental and social factors as part of its strategic formulation; and

(i) assuming responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT

Every Director, in the course of carrying out his or her duties, acts in good faith and considers at all times, the interests of the Group to discharge their duties and responsibilities at all times as fiduciaries in the interest of the Group.

All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. On quarterly basis, each director is required to submit details of his/her associates for the purpose of monitoring interested person transactions ("**IPT**"), and review the list of new suppliers and customers of the Group to confirm that there are no omission in disclosure of his/her associates. Where a director has a conflict or potential conflict of interest in relation to any matter, he/she is required to immediately declare his/her interest, recuse himself/herself and refrain from participating in discussions regarding a transaction or proposed transaction in which he/she has an interest or is conflicted, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she should abstain from voting in relation to the conflict-related matters.

Provision 1.2 **Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.**

Our Directors are provided with extensive background information about our Group's history, mission, values and business operations. Changes to regulations and accounting standards are monitored closely by Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on relevant new laws and regulations. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the business operations. In addition, Directors are regularly updated on the Group's business activities and regulatory and industry specific environments in which the Group operates during the Board meetings. The Company will issue appointment letters to new Non-Executive Directors and service agreements to Executive Directors (as the case may be) setting out the Directors' duties and obligations. Newly appointed Directors shall also be briefed on the business and organisational structure of the Group and its strategic directions. The Company encourages Directors to attend training courses organized by the Singapore Institute of Directors ("**SID**") or other training institutions in connection with their duties at the Company's expense. Newly appointed directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing as prescribed by the SGX-ST. The Directors are also provided with updates on the relevant new laws, regulations and accounting standards related to the Group's operating environment through e-mails and regular briefings at the Audit & Risk Committee ("**ARC**") meeting by the Company Secretaries and the external auditor each year.

During the financial year ended 31 December 2022 ("**FY2022**"), all Directors have completed the mandated sustainability training course on Environmental, Social and Governance Essentials (ESG) organised by the Institute of Singapore Chartered Accountants (ISCA) as required by the enhanced SGX-ST's sustainability reporting rules.

Provision 1.3 **The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.**

CORPORATE GOVERNANCE REPORT

The Board has in place an authority matrix to provide guidelines on the approval for material transactions.

The Company has adopted and documented in its internal guidelines the matters that are reserved for Board's approval. The Directors have identified a few areas for which the Board has direct responsibility for decision making, such as:

- approval of financial results announcements, annual reports and audited financial statements;
- matters as specified under the SGX-ST's listing rules on interested person transaction;
- annual budgets and business plans of the Group;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of Board changes and appointments on Board committees;
- increase in investment in businesses and subsidiaries;
- divestment in any of the Group's companies; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board. In addition, the Board also considers sustainability issues such as environmental and social factors as part of its strategic formulation, and assuming responsibility for corporate governance.

Provision 1.4 **Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.**

CORPORATE GOVERNANCE REPORT

To assist the Board in the discharge of its oversight function, certain functions have been delegated to various Board Committees, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the ARC, each of which has its own written terms of reference. The minutes of meetings of these committees are circulated among the Board. The composition of the NC, RC and ARC are disclosed under Provisions 4.2, 6.2 and 10.2 respectively.

The Board will meet at least twice every year to coincide with the announcement of the Group's half year and full year financial results as well as to oversee the business affairs of the Group and approve any financial or business decisions and/or strategies. Where necessary, additional Board meetings are held to deliberate on urgent substantive matters. The Board held four scheduled meetings in FY2022. Board and Board Committees' meetings for the calendar year 2023 have been scheduled in advance in consultation with the Directors to ensure maximum attendance. Telephone and video-conference attendance at Board meetings is allowed under the Company's Constitution. The Board also approves transactions through written resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for Board and Board Committees meetings is prepared in consultation with the respective Chairmen. The agenda and relevant board papers are circulated in advance of the scheduled meetings.

Provision 1.5 **Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.**

Please refer to Table A set out on page 80 of this Annual Report for the attendance of the Directors at meetings for FY2022.

The NC reviews and assesses the number of board representations, attendance records, preparedness, participation and candour of each Director in determining whether to nominate a retiring Director for re-election and the contribution of each individual Director to the effectiveness of the Board.

The NC reviews and assesses the time and attention given by the Directors to the Group in accordance with the procedures disclosed in Provision 4.5.

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

CORPORATE GOVERNANCE REPORT

Directors receive a regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are circulated to all Directors prior to the scheduled meetings so that members may better understand the issues beforehand, allowing for more time at such meetings for questions that members may have. The Board papers provided include background or explanatory information relating to matters to be brought before the Board meeting. Management also keeps the Board appraised of the Group's operations and performance through quarterly meetings and informal discussions. Management accounts, as well as financial, business and corporate matters of the Group are provided to members of the Board on timely basis prior to meetings and whenever required to enable the Directors to oversee the Company's operational and financial performance. Directors are also informed of any significant developments or events relating to the Company.

Provision 1.7 **Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.**

All Directors have separate and independent access to the advice and services of the Company Secretaries. The Company Secretaries and/or their representatives attend the Board and Board Committee meetings (except where such meetings relate to internal or operational updates), assist the Chairman of the Board's and Board Committee's meetings in ensuring that the relevant procedures, applicable rules and regulations are followed as well as ensuring good information flow within the Board and its Committees, between key management personnel and the Non-Executive Directors. The Company Secretaries also assist in facilitating orientation and professional development, if required. The appointment and removal of the Company Secretaries are matters which are to be approved by the Board.

The Board also has separate and independent access to the Company's key management personnel.

Each Director has the right, at the Company's expense, to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

CORPORATE GOVERNANCE REPORT

Provision 2.1 **An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.**

All Directors exercise independent judgement and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of Directors include intensity of participation at meetings, quality of interventions and special contribution.

During FY2022 and up to the date of this report, the Board comprises the following Directors:

EXECUTIVE DIRECTOR
Mr Foo Sey Liang

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr Kesavan Nair (Independent Non-Executive Chairman) (the "**Chairman**")
Mr Ng Weng Sui Harry
Ms Ng Kate Jain

The Company does not have any alternate director.

The profiles of the Board members are set out in pages 13 to 14 of this Annual Report.

The composition of the Board is determined in accordance with the following principles:

- to form a strong independent element on the Board, at least one-third of the Board should be Independent Non-Executive Directors;
- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise Directors with a broad range of competencies and expertise; and
- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting ("**AGM**") and thereafter, Directors are subject to re-election according to the provisions in the Company's Constitution. Regulation 89 of the Company's Constitution states that one-third of the Directors shall retire from office by rotation.

CORPORATE GOVERNANCE REPORT

The NC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. The NC conducts the review annually and requires each Independent Non-Executive Director to submit a confirmation of independence based on the guidelines provided in the Code.

Based on the confirmation of independence submitted by the Independent Non-Executive Directors and the results of the NC's review, the NC was of the view that each Independent Non-Executive Director is independent in accordance with the Code. As a majority of the Board comprises independent Directors, there is a strong and independent element on the Board and no individual or small group of individuals dominate the Board's decision making.

Particulars of interests of Directors who held office at the end of this financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

Provision 2.2 **Independent directors make up a majority of the Board where the Chairman is not independent.**

The Chairman is independent. During FY2022, the Board had 4 Independent Non-Executive Directors, representing a majority of the Board: Mr Teo Yi-Dar (Zhang Yida), Mr Kesavan Nair, Mr Ng Weng Sui Harry and Ms Ng Kate Jain. Mr Teo Yi-Dar (Zhang Yida) ceased as Independent Non-Executive Chairman with effect from 15 January 2022.

Provision 2.3 **Non-executive directors make up a majority of the Board.**

Independent Non-Executive Directors comprise a majority of the Board for FY2022.

Provision 2.4 **The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.**

The Board regularly examines its size and with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself, taking into account the scope and nature of the Company's operations. The Board and NC conducts annual review of its Board composition to ensure the Board comprises an appropriate balance of skills, experience and knowledge required to effectively oversee and support the management and strategic objectives of the Company and that the Board's composition is adequate and meet with the requirements of the Group at the point in time. Any potential conflicts of interest will also be taken into consideration.

In FY2022, the NC and Board approved the adoption of Board Diversity Policy and Director Nomination Policy. The policies are made available on the Company's website (https://hgmetal.listedcompany.com/board-diversity-policy.html). The Board Diversity Policy recognises and embraces the importance and benefits of having a diverse Board to better support the Company's strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives garnered from the various skills, business experience, industry discipline, gender, age, ethnicity and other distinguishing qualities of the Directors.

CORPORATE GOVERNANCE REPORT

To assist the NC in its annual review of the Board composition, the Board has adopted a set of skills matrix which guides the NC in its assessment of skills and diversity that the Board has or is looking for and assists to identify any gaps in skills in the current Board composition, or that may be required going forward, as part of the Company's broader board renewal and succession process.

The Board acknowledges the importance to promote gender diversity and add a broader perspective on the Board. To this end, the Board is committed to having regard to the profile and timing of the appointment and retirement of Directors, endeavours to have a minimum of one (1) female member on the Board and to include at least one (1) female candidate in any search process for appointment of new director and key management personnel.

Pursuant to the Board's aim to maintain a diversity of expertise, skills, attributes and gender among its Directors, an independent non-executive female director, Ms Ng Kate Jain, was appointed on 31 December 2021 and has a different skill set. The appointment reflects the Company's commitment to promote diversity, especially gender diversity, on its Board.

The Board currently has 4 Board members (including 1 female director). A majority of the Directors, including the Chairman, are Non-Executive and Independent Directors, and there are no alternate Directors on our Board. The make-up of the Board reflects diversity of gender, ethnicity, skills and knowledge. The NC is satisfied that there is diversity of thought and background in its Board composition that will enable it to lead and govern the Group effectively as the Board comprises members with diverse expertise and experience in the steel, accounting or finance, strategic planning and legal or corporate governance knowledge which enables them, in their collective wisdom, to contribute effectively at Board and Board Committee meetings. In addition, the current Board comprises Directors from different age groups spanning a range of approximately 15 years.

As such, the Board concurs with the NC's view that there is an appropriate diversity mix of expertise to lead and govern the Group effectively avoid to groupthink and foster constructive debate, in accordance with the Company's diversity policy.

Details of the Composition of the Board as at 31 December 2022:

	Number of Directors	Proportion of the Board
Board Independence		
Independent Director	3	75%
Non-independent Director	1	25%
Directors' Length of Services		
More Than 9 years	0	0%
Less than 9 years	4	100%
Gender Diversity		
Male	3	75%
Female	1	25%
Age Group		
40 – 49 years old	1	25%
50 – 59 years old	2	50%
60 – 69 years old	1	25%

CORPORATE GOVERNANCE REPORT

Major proposals and decisions made by the Board are subject to majority approval by the members of the Board. The appointment of new Board members, nomination of directors for re-election and review of the Board and individual Directors' performance are carried out by the NC. All Board appointments are made based on merit, in the context of the skills, experience, independence, knowledge and other diversity attributes which the Board as a whole requires to be effective. The remuneration packages of the Executive Director and key management personnel, as well as the Directors' fees payable to the Non-Executive Directors are reviewed by the RC. Majority of the members of the NC and RC are Independent Non-Executive Directors and all of the members of the ARC are Independent Non-Executive Directors in FY2022. The Board believes that there are sufficiently strong and adequate safeguards to ensure an appropriate balance of power and authority within the spirit of good corporate governance. In addition, all Directors make decisions objectively in the interests of the Company.

Provision 2.5 **Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

All Non-Executive Directors, lead by the Independent Non-Executive Chairman, confer regularly with the Executive Director and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters. Where warranted, the Independent Non-Executive Directors meet for discussions before the Board meetings in the absence of Management. The Group's Non-Executive Directors had held periodic conference calls and/or meetings without the presence of Management during FY2022.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 **The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

Upon the resignation of Mr Teo Yi-Dar (Zhang Yida) as Independent Non-Executive Chairman with effect from 15 January 2022 in FY2022 and recommendation of the NC, which had reviewed the credentials, performance and contributions of Mr Kesavan Nair, the Board of Directors approved the re-designation of Mr Kesavan Nair as Independent Non-Executive Chairman with effect from 15 January 2022.

Mr Shin Taeyang had tendered his resignation as CEO of the Group to pursue other career opportunities and cessation of CEO with effect from 28 February 2023. Following the resignation of Mr Shin Taeyang, the Executive Director of the Company, Mr Foo Sey Liang has temporarily assumed the CEO's responsibilities.

Mr Teo Yi-Dar (Zhang Yida), Mr Kesavan Nair, Mr Shin Taeyang and Mr Foo Sey Liang are not related to each other. There is a clear division of responsibilities between Mr Teo Yi-Dar (Zhang Yida), Mr Kesavan Nair, Mr Shin Taeyang and Mr Foo Sey Liang, which ensures there is a balance of power and authority at the top of the Group.

CORPORATE GOVERNANCE REPORT

Provision 3.2 **The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.**

The Chairman plays a key role in promoting high standards of corporate governance, ensures that Board meetings are held when necessary and sets the Board meeting agenda (with the assistance of the Company Secretaries and in consultation with the Executive Director). The Chairman ensures that the Board members are provided with complete, adequate and timely information. The Chairman ensures that procedures are introduced to comply with the Code and ensures effective communication within the Board and with the shareholders.

The Board has delegated the daily operations of the Group to the Executive Director, Mr Foo Sey Liang after Mr Shin Taeyang tendered his resignation as CEO of the Group with effect from 28 February 2023. The Executive Director lead the Management team and execute the strategic plans in alignment with the strategic decisions and goals set out by the Board. They also ensure that the Directors are kept updated and informed of the Group's businesses.

Provision 3.3 **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.**

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

The Company has appointed Mr Kesavan Nair as Independent Non-Executive Chairman, and therefore is not required to appoint a lead independent director. Shareholders may contact the Chairman where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 **The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:**

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment of new Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at general meeting and determining the independent status of each Director.

CORPORATE GOVERNANCE REPORT

The NC is regulated by its terms of reference and its key functions include:

- making recommendations to the Board on new appointments to the Board;
- determining orientation programs for new Directors and recommending opportunities for the continuing training of the Directors;
- making recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's AGM, having regard to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour);
- ensuring that all Directors submit themselves for re-nomination and re-election at regular intervals and at least every three years;
- determining annually whether or not a Director is independent;
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;
- implementing the Board Diversity Policy and Director Nomination Policy and reviewing their effectiveness;
- reviewing the appointment of immediate family members (spouse, child, adopted child, step-child, sibling and parent) of any of the Company's Directors or substantial shareholders to managerial positions in the Company;
- determining whether a Director who has multiple board representations is able to and has been adequately carrying out his duties as Director of the Company;
- reporting to the Board on its activities and proposals (including succession and/or replacements plans for the Chairman, CEO and key management personnel); and
- carrying out such other duties as may be agreed to by the NC and the Board.

The Company's Constitution provides that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, competing time commitments and candour. The details of the Directors seeking re-election are set out on pages 83 to 85 in this Annual Report.

Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

As at the date of this report, the NC comprises the following members, majority are independent:

Mr Kesavan Nair (Chairman, Independent Non-Executive Chairman)
Mr Foo Sey Liang (Member, Executive Director)
Mr Ng Weng Sui Harry (Member, Independent Non-Executive Director)
Ms Ng Kate Jain (Member, Independent Non-Executive Director)

CORPORATE GOVERNANCE REPORT

Provision 4.3 **The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.**

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, diversity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, track record of good-decision making, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment and the Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Provision 4.4 **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.**

The NC meets at least once a year. Please refer to the disclosures in Provision 2.1 in relation to the NC's review of Directors' independence.

Provision 4.5 **The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.**

All Directors are required to attend courses organised by the SID on their duties and obligations as a Director within 1 year from their appointment. In addition, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be).

All Directors declare their board memberships and principal commitments as and when practicable. The details of the listed company directorships and principal commitments of the Board members are set out in pages 13 to 14 of this Annual Report.

The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Group after taking into consideration the number of listed company Board representations and their principal commitments which is evident in their level of attendance and participation at the Company's Board and Committee meetings held in FY2022. In assessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.

Currently, the NC does not determine the maximum number of listed company Board representations which a Director may hold as the NC is of the view that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The Board and the NC will review the requirement to determine the maximum number of listed Board representations as and when they deem fit.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 **The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.**

The performance criteria recommended by the NC for the Board and Board Committees' evaluation are amongst other criteria, board structure, conduct of meetings, corporate strategy and planning and risk management and internal controls.

The individual directors' assessment parameters recommended by the NC are broadly based on the attendance records at the meetings of the Board and the relevant Board Committees, intensity of participation at meetings, sense of independence, quality of contributions and workload requirements.

Notwithstanding the above, the Company believes that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting the strategic direction of the Group and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, reviews the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis. Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria. The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Board.

Provision 5.2 **The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.**

The NC has conducted a Board's performance evaluation as a whole in FY2022 and received the individual directors' self-assessment. The Board's performance evaluation and the individual directors' self-assessment is to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board on an annual basis.

In its assessment of the Board's and its Board Committees effectiveness, the NC takes into consideration the frequency of the Board meetings and the Board Committee meetings, the rate at which issues raised are adequately dealt with and the reports from the various committees. In like manner, the NC is able to assess the contribution of each individual Director to the effectiveness of the Board.

No external facilitator was engaged by the Company in FY2022.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 **The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:**

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management personnel.

The RC meets at least once each year and at other times as required to discharge its functions.

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key management personnel which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interests of improved corporate performance.

Provision 6.2 **The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.**

As at the date of this report, the RC comprises the following members, the majority of whom are independent:

Mr Kesavan Nair (Chairman, Independent Non-Executive Chairman)
Mr Foo Sey Liang (Member, Executive Director)
Mr Ng Weng Sui Harry (Member, Independent Non-Executive Director)
Ms Ng Kate Jain (Member, Independent Non-Executive Director)

Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

The RC's review of remuneration packages covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to Executive Directors and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

CORPORATE GOVERNANCE REPORT

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages take into account the Company's relative performance and the performance of the individual Directors or key management personnel.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

Provision 6.4 **The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.**

No remuneration consultant was engaged by the Company during FY2022. The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations.

LEVEL AND MIX OF REMUNERATION

Principle 7
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.**

The remuneration policy of the Company is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and key management personnel.

The remuneration packages of the Executive Director, CEO and key management personnel are determined based on the framework recommended by the RC. In doing so, the RC reviews amongst others, their scope of duties, responsibilities, skills and experience, corporate and individual performances and achievement of annual key performance indicators as well as prevailing market practice and economic situation. The RC considers length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Director's or key management personnel contract of service to ensure that the terms of such clauses are not onerous to the Company. The framework of remuneration for Executive Directors and key management personnel framework includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's and individual's performance to align their interests with the shareholders and other stakeholders and to promote the long-term sustainability of the Group.

The Company does not have any share incentive scheme.

Provision 7.2 **The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

All Non-Executive Directors are paid a director's fee, with additional fees for serving as the chairman or member of a Board Committee and attendance fees for Board and Board Committee meetings. These fees are recommended by the RC and submitted to the Board for endorsement. The remuneration of Non-Executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, number of Board Committees served as well as prevailing market practice and economic situation. The Directors' fees of the Independent Non-Executive Directors are subject to approval by shareholders at each AGM thereby ensuring that their independence is not compromised.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him.

CORPORATE GOVERNANCE REPORT

<u>Provision 7.3</u> **Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.**

The RC exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long term success of the Group.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel, considering the low attrition rate of Directors and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 8
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

<u>Provision 8.1</u> **The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

The performance criteria used to assess the variable component of the remuneration (short-term and long term incentive) of the CEO, Executive Director and key management personnel are determined by having regards to the performance of the Group, leadership, as well as industry benchmarks, which include the profitability of the Group, leadership, as well as the CEO's, Executive Director's and key management personnel's compliance in all audit matters. The CEO's, Executive Director's and key management personnel's short term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board.

For FY2022, the CEO, Executive Director and key management personnel have met the relevant performance conditions.

The RC is of the view that the variable component of the remuneration packages of the Executive Director and key management personnel are moderate. In view of this, there is no necessity for the Company to institute contractual provisions to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

Please refer to Table B set out on pages 81 to 82 of this Annual Report for the remuneration of the Directors and key management personnel for FY2022. The Group had three key management personnel during FY2022.

CORPORATE GOVERNANCE REPORT

The Board believes that it is for the benefit of the Company and the Group that the remuneration of the CEO, Executive Director and key management personnel be kept confidential due to its sensitive nature and the potential negative impact (such as poaching) such disclosure will have on the Group given the highly competitive environment it is operating in. During the COVID-19 pandemic, the Company had experienced practical difficulties in hiring and retaining talent due to the shortage of labour resulting from macroeconomic conditions, and disclosure of exact amounts of remuneration would hinder the Company's efforts to keep its existing staff as competitors would be able to utilise such remuneration information.

As the Company has a small and tightly-knit team, such disclosure would also be disadvantageous to the Company in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company.

Notwithstanding the above, the Company has further set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under Provisions 6 and 7 in pages 64 to 66. The fee scale for determining the applicable directors' fees payable to the independent directors are also published at page 82. Accordingly, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

Provision 8.2 **The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

Save for Mr Foo Sey Liang, the Executive Director and substantial shareholder of the Company, there is no employee who is a substantial shareholder or is related to a Director, CEO or substantial shareholder of the Company, whose remuneration exceeds S$100,000 in the Group's employment for FY2022. The remuneration of Mr Foo Sey Liang is disclosed in bands of S$100,000 in Table B set out on page 81 of this Annual Report.

Provision 8.3 **The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.**

Please refer to Table B set out on pages 81 to 82 of this Annual Report for the remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors, CEO and key management personnel of the Company for FY2022. The Company does not have any share incentive scheme.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 **The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Company manages risks under an overall strategy determined by the Board and supported by the ARC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

The Board recognises that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The ARC will annually:

- satisfy itself that adequate measures are being made to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating, information technology and compliance controls and risk management, is conducted at least annually. Such review can be carried out by internal auditors;
- ensure that the internal control recommendations made by internal auditors and the management letter recommendations by external auditors (noted during the course of the statutory audit) have been implemented; and
- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls of the Group.

The Board with the assistance of the internal auditors, determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

Provision 9.2 **The Board requires and discloses in the company's annual report that it has received assurance from:**

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Executive Director and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are adequate and effective.

AUDIT COMMITTEE

Principle 10
The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 **The duties of the AC include:**

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The ARC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the ARC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

Specifically, the ARC meets periodically to perform the following functions:

- reviewing the audit plans of the external and internal auditors;
- reviewing the external and internal auditors' reports;
- reviewing the co-operation given by the Company's officers to the external and internal auditors;

CORPORATE GOVERNANCE REPORT

- reviewing the adequacy of the internal audit function;
- evaluating the adequacy and effectiveness of the Group's system of internal controls, including financial, information technology, operational and compliance controls, and risk management, by reviewing written reports from internal auditors and management letters issued by external auditors (in the course of the statutory audit) and management responses and actions to correct any deficiencies;
- reviewing the financial statements of the Company and the Group before their submission to the Board;
- reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
- nominating external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditor;
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual issued by SGX-ST, and by such amendments made thereto from time to time;
- reviewing IPT (as defined in Chapter 9 of the Listing Manual issued by SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way;
- overseeing the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements by, *inter alia*, assessing the Company's risk management framework for appropriateness and adequacy, and monitoring Management accountability for risk management processes and compliance with risk policies; and
- reviewing and making recommendations to the Board in relation to risk management.

Apart from the duties listed above, the ARC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The ARC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The ARC meets annually with the internal auditors and the external auditors, without the presence of the Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

Based on the internal controls established and maintained by the Group, works performed by the internal and external auditors, reviews performed, the Board, with concurrence of the ARC are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at FY2022.

CORPORATE GOVERNANCE REPORT

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2022 are as follows:

Audit fees: S$178,000
Non-audit fees: Nil

The ARC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. In the ARC's opinion, Ernst & Young LLP is suitable for re-appointment and it has accordingly recommended to the Board that Ernst & Young LLP be nominated for re-appointment as the external auditor of the Company at the forthcoming AGM.

The Company is in compliance with Rules 712, 715 and 716 of the Listing Manual in relation to its external auditor.

It is the Company's practice for the external auditor to present to the ARC its audit plan and with updates relating to any change of accounting standards impacting on the financial statements before an audit commences. Save as disclosed in pages 105 to 106 in this Annual Report, the adoption of the new Singapore Financial Reporting Standards (International) (SFRS(I)), amendments and interpretations of SFRS(I) did not result in any material impact on the Group's financial statements for the financial year under review.

Provision 10.2 **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

The ARC comprises 3 members who are Non-Executive Director, all of whom are independent. The ARC's members are:

Mr Ng Weng Sui Harry (Chairman, Independent Non-Executive Director)
Mr Kesavan Nair (Member, Independent Non-Executive Chairman)
Ms Ng Kate Jain (Member, Independent Non-Executive Director)

At least 2 members of the ARC (including the ARC chairman), namely Mr Ng Weng Sui Harry and Ms Ng Kate Jain have recent and relevant accounting or related financial management expertise or experience. The Board is of the view that the members of ARC have the necessary expertise to discharge their duties and responsibilities.

Provision 10.3 **The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

None of the ARC members were previous partners or directors of the Company's existing auditing firm within the last two years and none of the ARC members hold any financial interest in the Company's existing external auditing firm.

CORPORATE GOVERNANCE REPORT

Provision 10.4 **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.**

The Group has outsourced its internal audit function to Deloitte & Touche Enterprise Risk Services Pte Ltd. The ARC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals. The ARC approves the hiring, removal, evaluation and compensation of the internal auditors.

The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and effective application of internal audit procedures. It supports the Directors in assessing key internal controls through a structured review programme. The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel and access to the ARC to perform internal audit function.

The internal audit function reports functionally to the Chairman of the ARC and administratively to the Executive Director. The ARC is satisfied that the internal audit function has adequate resources and has appropriate standing within the Group. The ARC, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditors' work;
- the quality of the internal audit reports;
- the internal auditors' relationship with the external auditors; and
- the internal auditors' independence of the areas reviewed.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

The ARC meets from time to time with the Group's external and internal auditors, in each case without the presence of the Management of the Company, at least once a year. The ARC meets with the Management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The ARC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the ARC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 **The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. The Company's Constitution allows a shareholder to appoint up to 2 proxies to attend a shareholder's meeting on his behalf. In line with the amendments to the Singapore Companies Act 1967 (the "**Companies Act**"), corporate shareholders of the Company which provide nominee or custodial services to third parties may appoint more than two proxies to attend and vote on their behalf at general meetings.

For the forthcoming AGM, the Company will be holding its AGM via electronic means. Shareholders may vote "live" at the AGM by electronic means or submit a proxy form to appoint proxy(ies) or the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM, if such shareholders wish to exercise their voting rights at the AGM. Shareholders would be allowed to observe and/or listen to the AGM proceedings, and may submit their questions relating to the resolutions set out in the notice of the AGM to the Company before the registration deadline or "live" at the AGM.

The Company has specified in the notice of AGM the detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) access the annual report and proxy form, (ii) participate to observe and/or listen to the AGM proceedings, (iii) submit their questions before the registration deadline of the AGM electronically (e.g. via email) or "live" at the AGM, and (iv) vote at the AGM (a) "live" by the shareholders or their duly appointed proxies (other than the Chairman of the AGM) or (b) by appointing the Chairman of the AGM as proxy to vote on the shareholders' behalf at the AGM and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

The Company will also address the substantial and relevant questions from shareholders, if any, by 21 April 2023 through electronic means via publication on the Company's website and the SGXNET.

The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting. The Chairmen of the ARC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board in addressing any relevant queries by our shareholders. During the general meetings, the shareholders will be informed of the rules governing general meetings, including voting procedures.

CORPORATE GOVERNANCE REPORT

Provision 11.2 **The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.**

Separate resolutions are proposed for substantially separate issues at the meeting. In line with the new Rule 730A of the SGX-ST Listing Manual, all the resolutions are voted on by way of poll and the Company announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the public.

Provision 11.3 **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.**

Both Executive and Non-Executive Board members meet or speak with shareholders regularly, primarily through general meetings of shareholders, to gather their views and address concerns. The external auditors are also present at the annual general meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

All Directors attended the AGM held on 28 April 2022.

Provision 11.4 **The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the internet are not compromised, and legislative changes are effected to recognize remote voting.

Provision 11.5 **The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

Only shareholders and selected invitees are entitled to attend general meetings. As such, the minutes of general meetings are not posted on the Company's corporate website where they are available to the general public at large. However, the minutes of each general meeting, including substantial and relevant comments or queries, remain accessible to any shareholder interested in obtaining a copy of the same upon request.

Provision 11.6 **The company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1 **The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the SGX-ST's Listing Rules and the Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

In presenting the annual financial statements and half-yearly announcements to shareholders as well as any price sensitive reports to the public, the Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

Please refer to the disclosures in Provision 12.2 on the avenue of communication between the Board and its shareholders.

Provision 12.2 **The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Manual and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

Prior to the enactment of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;

- half-yearly and full-year financial results announcements containing a summary of the financial information and affairs of the Group for that period;

- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;

CORPORATE GOVERNANCE REPORT

- press releases on major developments of the Company and the Group;
- disclosure to the SGX-ST; and
- the Company's website at http://www.hgmetal.com at which our shareholders can access information on the Group.

For the upcoming AGM, such information will be disseminated via SGXNET and the Company's corporate website. The Board encourages shareholders' participation at the AGMs and periodically communicates with shareholders through SGXNET throughout the financial year.

Similarly, shareholders receive the circulars and notices of EGMs which are advertised in the newspapers within the prescribed deadlines prior to the EGMs. Such information will be disseminated via SGXNET and the Company's corporate website while the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 remains in force.

The Company also releases half-yearly announcements containing a summary of the financial information and affairs of the Group for that period, and announcements with disclosures as required by the Listing Manual via SGXNET. Shareholders can also access the Company's website at http://www.hgmetal.com to access information on the Group.

Further, the Group has adopted a constructive whistle-blowing policy and guidelines in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to bring their complaints responsibly to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the ARC or any other committees established by the ARC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

Under the whistle-blowing policy, all concerns expressed anonymously will be investigated although consideration will be given to the seriousness of the issue raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. In addition, every effort will be made to protect the complainant's identity, if so requested, so long as it is compatible with a proper investigation.

Once a complaint has been made, the action taken will depend on the nature of the concern and initial inquiries will be made to determine whether an investigation is appropriate, and the form it should take.

The ARC maintains a record of concerns raised under this policy and the outcomes, and will report as necessary to the Board. There were no fraud and whistle blowing reports received during FY2022.

CORPORATE GOVERNANCE REPORT

Provision 12.3 **The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.**

Shareholders may contact the Company by completing the "Contact Us" form on the Company's website at http://www.hgmetal.com/contact/. The Company will respond directly to the querying shareholder using the contact information provided therein.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 **The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The Company is committed in maintaining close communication with those stakeholders whom will have an impact on the Company's business and operating performance and long term sustainability. To this end, the Company has established relevant communication channels to engage with its stakeholders as detailed in page 27 in this Annual Report.

Provision 13.2 **The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.**

The Company recognises the needs for ensuring the business interests of the Company and its stakeholders are properly aligned as part of its sustainability journey. As in previous years, the Company has undertaken a process of identifying material environmental, social and governance issues which are important and will impact the stakeholders. Having identified these material topics, the Company seeks to map out its processes and align its business practices and strategies to address the concerns of these stakeholders. The Company's efforts and approaches in ensuring the respective stakeholders' concerns are properly addressed are set out on pages 27 to 30 of this Annual Report.

Provision 13.3 **The company maintains a current corporate website to communicate and engage with stakeholders.**

The Company updates its corporate website http://www.hgmetal.com regularly with information released on the SGXNET and business developments of the Group to communicate and engage with stakeholders.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

In accordance with Rule 1207(19) of the Listing Manual issued by SGX-ST, the Company has implemented an internal policy in relation to dealings in securities. Pursuant to such policy, the Company notifies all employees and officers that they are prohibited from trading in the Company's shares one month prior to the announcement of the Company's half-year and full-year financial results.

In addition, the Company, the Directors and its officers are expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information.

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual issued by SGX-ST for IPT. To ensure compliance with Chapter 9, all IPT are subject to review by the ARC in order to ensure that the IPT are carried out on normal commercial terms and will not prejudicial to the interests of the shareholders.

The Company has not entered into any IPT with aggregate value of more than S$100,000 during FY2022 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interests of the Directors or controlling shareholder(s) subsisting at the end of FY2022 or have been entered into since the end of the previous financial year.

RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as deliberate on appropriate measures to control and mitigate these risks. Management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits.

On a day-to-day basis, business units have primary responsibility for risk management. The various business units provide the key management with a timely assessment of key risk exposures and the associated management responses. These units also recommend risk appetite and control limits.

The significant risk management policies are as disclosed in the audited financial statements of this Annual Report. The financial and operational risk management policies are outlined below:

CORPORATE GOVERNANCE REPORT

FLUCTUATIONS IN STEEL PRICES

As a distributor of steel products, the Group purchases a wide range of steel products and maintains substantial inventories to be in a position to fulfil customers' orders within a short lead time. The cost of steel products purchased is the main component of the Group's cost of sales for its steel distribution business. Prices of steel products are subject to international price fluctuations of steel. Therefore, the Group is vulnerable to any fluctuations in prices of steel.

The Group, with more than 40 years of knowledge and expertise gained in this line of business, is able to make appropriate adjustments to its supplier choice, timing of purchase and shipment, contracting arrangement with its customers to address price fluctuation risk.

CREDIT RISK OF ITS CUSTOMERS

The Group extends credit terms ranging from 30 to 90 days to its customers, depending on their credit worthiness. In certain situations, in the ordinary course of business, certain customers may default on their payment. Such events may arise due to the inherent risk from its customers' business, risk pertaining to the political, economic, social and legal environment of its customers' jurisdiction and foreign exchange risk. In the event that the Group's customers default on their payments, the Group would have to make allowances for doubtful debts or incur write-offs, which will have an adverse impact on its profitability.

The Group performs credit checks and approvals before granting credit to customers and imposes a credit limit and credit term on each customer. All credit accounts are subject to regularly review.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentration of credit risks are controlled and managed accordingly.

FOREIGN EXCHANGE EXPOSURE

The purchases and sales of the Group are mainly denominated in US$. As a result, the Group is exposed to fluctuations in foreign exchange rates. For FY2022, approximately 87% of its total purchases were made in US$, whilst approximately 94% and 4% of its total sales were denominated in S$ and US$ respectively. Hence, the Group may be exposed to any significant fluctuation of the US$.

The Group monitors the US$ exchange rates closely and has in place a hedging policy to manage its exposure.

CORPORATE GOVERNANCE REPORT

EXPANSION AND INVESTMENT RISK

In view of the Group's plan to expand beyond the Singapore market, the Group is constantly seeking opportunities to diversify into new areas or expand to regional markets such as Malaysia, Indonesia and other Southeast Asian countries to pursue sustainable growth. Hence, the Group is exposed to expansion and investment risk from new investments such as joint ventures, acquisitions or new businesses.

The Group is adopting the practice of conducting due diligence assessments and other business analyses for any new investment proposal in order to minimise any potential risk exposure. All investment proposals are to subject to approval from the Board before implementation.

On 7 February 2023, the Group announced its intention to cease its business operations in Myanmar due to political and economic uncertainty, and the Financial Action Task Force (FATF) move to place Myanmar on its blacklist of countries since October 2022. The details of this impairment and the Group's financial performance can be found in the announcement released on 21 February 2023.

TABLE A

	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nominating Committee	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Teo Yi-Dar (Zhang Yida)[1]	–	–	–	–	–	–	–	–
Foo Sey Liang	4	4	4	4	1	1	2	2
Ng Weng Sui Harry	4	4	4	4	1	1	2	2
Kesavan Nair	4	4	4	4	1	1	2	2
Ng Kate Jain	4	4	4	4	1	1	2	2

Note:
1. Mr Teo Yi-Dar (Zhang Yida) ceased as Independent Non-Executive Chairman with effect from 15 January 2022.

CORPORATE GOVERNANCE REPORT

TABLE B

The remuneration of the Directors and CEO from the Company for FY2022 is as follows:

Directors and CEO	Base Salary (%)	Bonus (%)	Director Fees* (%)	Allowances and Others (%)	TOTAL (%)
S$750,000 to S$999,999					
Shin Taeyang[1]	33	61	–	6	100
S$700,000 to S$799,999					
Foo Sey Liang	49	45	–	6	100
Below S$250,000					
Teo Yi-Dar (Zhang Yida)[2]	–	–	100	–	100
Ng Weng Sui Harry	–	–	100	–	100
Kesavan Nair	–	–	100	–	100
Ng Kate Jain	–	–	100	–	100

Notes:
1. Mr Shin Taeyang ceased as CEO with effect from 28 February 2023.
2. Mr Teo Yi-Dar (Zhang Yida) ceased as Independent Non-Executive Chairman with effect from 15 January 2022.
* Directors' fees are subject to Shareholders' approval at the forthcoming annual general meeting.

Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remuneration paid to each individual Director and the CEO (or equivalent) on a named basis as well as the aggregate remuneration paid to the top three key management personnel (who are not Directors or the CEO), the Board believes that it is for the benefit of the Company and the Group that their remuneration be kept confidential due to its sensitive nature and the potential negative impact such disclosure will have on the Group given the highly competitive environment it is operating in. The disclosure of the respective and aggregate remuneration in bands of $250,000 should, in the Board's assessment, provide adequate overview of the remuneration of the Directors' and CEO as well as the key management personnel.

CORPORATE GOVERNANCE REPORT

The Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and the Board Committees. The Non-Executive Directors' fees were derived using the fee structure as follows:

	S$
Basic fee	53,240
Board chairmanship	7,986
ARC chairmanship	7,986
NC chairmanship	5,324
RC chairmanship	5,324
ARC membership	3,993
NC membership	2,662
RC membership	2,662

The annual aggregate remuneration paid and Directors' fees accrued for financial year ended 31 December 2022 were S$246,496 and S$207,567 respectively.

A breakdown of the remuneration of key management personnel for FY2022 is set out below:

Name of Executive Officers	Base Salary (%)[1]	Bonus (%)[1]	Allowances and Others (%)	TOTAL (%)
S$250,000 to S$499,999				
Sharon Tay Hong Kiang	53	40	7	100
Below S$250,000				
Royston Johns	78	13	9	100
Ang Thiam Kwee	63	25	12	100

Note:

1. The salary and bonus amounts shown are inclusive of Central Provident Fund Contribution.

The total remuneration paid to the top three key management personnel during FY2022 was S$698,850.

CORPORATE GOVERNANCE REPORT

DETAILS OF DIRECTORS SEEKING RE-ELECTION

Mr Foo Sey Liang and Mr Ng Weng Sui Harry are the Directors seeking re-election at the upcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	FOO SEY LIANG	NG WENG SUI HARRY
Date of first appointment	10 April 2014	10 April 2014
Date of last re-appointment (if applicable)	26 April 2021	28 April 2022
Age	53	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After reviewing the recommendation of the Nominating Committee and Mr Foo Sey Liang's qualifications and experience, the Board approved his appointment as Executive Director	After reviewing the recommendation of the Nominating Committee and Mr Ng Weng Sui Harry's qualifications and experience, the Board approved his appointment as the Independent Non-Executive Director
Whether appointment is executive, and if so, the area of responsibility	As disclosed in Mr Foo Sey Liang's profile at page 13 of this Annual Report	Not applicable
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Non-Executive Director and Chairman of the Audit & Risk Committee and a member of the Nominating Committee and Remuneration Committee

CORPORATE GOVERNANCE REPORT

	FOO SEY LIANG	NG WENG SUI HARRY
Professional qualifications	1989 – Diploma in Electronics Engineering, Nanyang Polytechnic	Fellow member of the Institute of Singapore Chartered Accountants Fellow of the Association of Chartered Certified Accountants, UK Master of Business Administration (General Business Administration) from The University of Hull, UK
Working experience and occupation(s) during the past 10 years	2014 to Present – Director, HG Metal Manufacturing Limited and its subsidiaries	As disclosed in Mr Ng Weng Sui Harry's profile at page 14 of this Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 28,405,000 shares	Direct interest in 10,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Deemed to be interested in the 28,405,000 Shares held by Flame Gold International Limited, by virtue of Section 7 of the Companies Act	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

	FOO SEY LIANG	NG WENG SUI HARRY
Other principal commitments including directorships	Past (for the last 5 years) Directorships: BRC Asia Limited Other Principal Commitments: Nil Present (on 31 December 2022): Directorships: Unicos Tech Pte. Ltd. Visworx Sdn Bhd. Other Principal Commitments: Nil	Past (for the last 5 years) Healthpro Pte. Ltd. IEV Energy Investment Pte. Limited IEV Technologies Pte. Ltd. Present (on 31 December 2022): Listed companies: OxPay Financial Limited Medi Lifestyle Limited (formerly known as IEV Holdings Limited) Oxley Holding Limited Q&M Dental Group (Singapore) Limited Others: HLM (International) Corporate Services Pte. Ltd. (Executive Director) Singapore Dental Council (member of Audit Committee) NCC Research Fund (member of Audit Committee) NCCS Cancer Fund (member of Audit Committee)

The Retiring Directors confirm that there are no circumstances or matters requiring to be disclosed in relation to the queries provided in Appendix 7.4.1 of the Listing Rules.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of HG Metal Manufacturing Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Kesavan Nair – Chairman
Foo Sey Liang
Ng Weng Sui Harry
Ng Kate Jain

In accordance with Regulation 89 of the Company's Constitution, Ng Weng Sui Harry and Foo Sey Liang retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Companies Act 1967, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Foo Sey Liang	–	–	28,405,000	28,405,000
Ng Weng Sui Harry	10,000	10,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

DIRECTORS' STATEMENT

Audit and Risk Committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B(5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the half-yearly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the ARC to the board of directors with such recommendations as the ARC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the financial year. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Kesavan Nair
Director

Foo Sey Liang
Director

Singapore

27 March 2023

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HG Metal Manufacturing Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "SSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Key audit matters (cont'd)

Impairment of assets due to cessation of business operations in Myanmar

The Group has significant long-lived assets including property, plant and equipment and right-of-use assets belonging to a cash generating unit in Myanmar, First Fortune International Company Limited ("FFI").

Taking into account the difficult operating situation in Myanmar and plans to cease its business operations in Myanmar that was announced subsequent to financial year end, management has performed an impairment review on assets relating to the business segment. These mainly comprise property, plant and equipment, right-of-use assets, trade and other receivables and inventories. As a result of the impairment review, the Group recognised total impairment losses of S$9,786,000 for the financial year ended 31 December 2022.

Significant management estimation is required in the impairment review and estimation of recoverable amounts. Given the magnitude of the amount and the significant management estimation involved in the impairment assessment, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's impairment assessment and evaluating the reasonableness of key assumption used in the estimation. This includes the determination of fair value less costs of disposal for the assets based on offers received. We also reviewed for any remaining Group exposures arising from guarantees and other liabilities.

In addition, we assessed the adequacy of the disclosures in Note 7 – Impairment loss on non-financial assets, Note 12 – Property, plant and equipment and Note 13 – Right-of-use assets.

Carrying amount of inventories at lower of cost and net realisable value

The carrying amount of the Group's inventories of $58,851,000 as at 31 December 2022 is significant to the Group as it represented 48% of the Group's total current assets. The inventories mainly comprise trading inventories and raw materials. Significant management judgement is required in estimating the net realisable value of these inventories, which is affected by fluctuations in market prices and demand for steel. As such, we determined that this is a key audit matter.

Management assesses net realisable value based on expected selling price which factors in management's estimate of future market demand and price changes, BCA construction steel price index and adjustments for slow-moving inventories.

Our audit procedures included, amongst others, testing the costing of these inventories against the Group's policy for key items and representative samples. We performed net realisable value testing by comparing the carrying amounts of these inventories with sales transactions made subsequent to financial year end. We also performed a sensitivity analysis on the net realisable value of these inventories, taking into account possible future changes in steel selling prices with reference to the market steel price index.

In addition, we assessed the adequacy of the Group's disclosure on inventories in the financial statements.

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Eleanor Lee Kim Lin.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	4	**158,373**	142,267
Cost of sales		**(137,219)**	(113,115)
Gross profit		**21,154**	29,152
Other operating income	5	**2,335**	3,499
Selling and distribution costs		**(358)**	(391)
Administrative expenses		**(10,988)**	(11,199)
Other operating expenses		**(5,601)**	(4,079)
Finance costs	6	**(1,765)**	(1,065)
Impairment loss on non-financial assets	7	**(8,810)**	–
Impairment loss on financial assets	8	**(1,212)**	(3,485)
(Loss)/profit before income tax	9	**(5,245)**	12,432
Income tax expense	10	**(530)**	(1,262)
Net (loss)/profit for the year		**(5,775)**	11,170
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**162**	127
Other comprehensive income for the year, net of tax		**162**	127
Total comprehensive income for the year		**(5,613)**	11,297
(Loss)/profit attributable to:			
Owners of the Company		**(527)**	12,065
Non-controlling interests		**(5,248)**	(895)
		(5,775)	11,170
Total comprehensive income attributable to:			
Owners of the Company		**(485)**	12,110
Non-controlling interests		**(5,128)**	(813)
		(5,613)	11,297
Earnings per share:			
Basic (cents)	11	**(0.42)**	9.48
Diluted (cents)	11	**(0.42)**	9.48

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	12	**21,723**	31,868	**4,329**	5,351
Right-of-use assets	13	**8,195**	11,460	**176**	2,078
Intangible assets	14	**238**	261	**145**	146
Investment in subsidiaries	15	**–**	–	**13,028**	13,113
Investment securities	16	**3,810**	7,671	**3,810**	7,671
Fixed deposits pledged with banks	17	**2,500**	–	**2,500**	–
Restricted deposits	17	**142**	–	**–**	–
		36,608	51,260	**23,988**	28,359
Current assets					
Investment securities	16	**3,861**	1,127	**3,861**	1,127
Cash and cash equivalents	17	**15,407**	27,876	**7,923**	11,786
Fixed deposits pledged with banks	17	**6,516**	7,251	**2,500**	3,750
Restricted deposits	17	**–**	784	**–**	–
Inventories	18	**58,851**	45,779	**23,030**	20,923
Trade and other receivables	19	**36,578**	37,511	**44,062**	46,516
Income tax recoverable		**139**	128	**–**	–
Prepaid expenses		**315**	216	**132**	114
		121,667	120,672	**81,508**	84,216
Total assets		**158,275**	171,932	**105,496**	112,575
Equity and liabilities					
Current liabilities					
Lease liabilities	13	**600**	1,033	**155**	586
Trade and other payables	20	**11,474**	21,506	**29,359**	33,525
Bank borrowings	21	**23,621**	9,892	**8,425**	5,860
Provision for income tax		**498**	843	**–**	–
Provision for reinstatement costs	22	**241**	–	**241**	–
Derivative financial instruments	23	**423**	39	**38**	34
		36,857	33,313	**38,218**	40,005
Net current assets		**84,810**	87,359	**43,290**	44,211

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current liabilities					
Lease liabilities	13	**5,253**	6,272	**64**	905
Bank borrowings	21	**11,556**	15,011	**766**	1,167
Deferred tax liabilities	24	**574**	478	**–**	–
Provision for reinstatement costs	22	**972**	2,772	**–**	1,800
		18,355	24,533	**830**	3,872
Total liabilities		**55,212**	57,846	**39,048**	43,877
Net assets		**103,063**	114,086	**66,448**	68,698
Equity attributable to owners of the Company					
Share capital	25	**70,496**	70,496	**70,496**	70,496
Treasury shares	26	**(3,034)**	(2,636)	**(3,034)**	(2,636)
Other reserves	27	**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
Non-controlling interests		**(1,790)**	3,338	**–**	–
Total equity		**103,063**	114,086	**66,448**	68,698
Total equity and liabilities		**158,275**	171,932	**105,496**	112,575

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Equity attributable to owners of the Company								
2022 **Group**	**Share capital $'000**	**Treasury shares $'000**	**Capital reserve $'000**	**Premium paid on acquisition of non-controlling interest $'000**	**Foreign currency translation reserve $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'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)
Other comprehensive income									
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)
Contributions by and distributions to owners									
Purchase of treasury shares	–	(398)	–	–	–	–	(398)	–	(398)
Dividend on ordinary shares	–	–	–	–	–	(5,012)	(5,012)	–	(5,012)
Total contributions 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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Equity attributable to owners of the Company								
2021 Group	**Share capital $'000**	**Treasury shares $'000**	**Capital reserve $'000**	**Premium paid on acquisition of non-controlling interest $'000**	**Foreign currency translation reserve $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'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
Other comprehensive income									
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
Contributions by and distributions to owners									
Purchase of treasury shares	–	(421)	–	–	–	–	(421)	–	(421)
Dividend on ordinary shares	–	–	–	–	–	(637)	(637)	–	(637)
Total contributions 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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Equity attributable to owners of the Company				
2022 **Company**	**Share capital $'000**	**Treasury shares $'000**	**Capital reserve $'000**	**Accumulated (losses)/profits $'000**	**Total equity $'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**
Contributions by and distributions to owners					
Purchase of treasury shares	**–**	**(398)**	**–**	**–**	**(398)**
Dividend on ordinary shares	**–**	**–**	**–**	**(5,012)**	**(5,012)**
Total contributions 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**
2021 **Company**					
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
Contributions by and distributions to owners					
Purchase of treasury shares	–	(421)	–	–	(421)
Dividend on ordinary shares	–	–	–	(637)	(637)
Total contributions 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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(5,245)**	12,432
Adjustments for:			
Bad debts recovered, net	5	**(1)**	(4)
Depreciation of property, plant and equipment	12	**3,540**	2,971
Depreciation of right-of-use assets	13	**1,320**	1,123
Amortisation of intangible assets	14	**32**	22
Gain on disposal of property, plant and equipment	5	**(91)**	(455)
Gain on lease modification	5	**(336)**	–
Write-off of property, plant and equipment	9	**5**	–
Impairment of property, plant and equipment	7	**7,813**	–
Impairment of right-of-use assets	7	**997**	–
Allowance for inventories obsolescence	9	**99**	6
Impairment loss on financial assets	8,19	**1,212**	3,485
Fair value loss/(gain) on derivatives, net	9	**384**	(4)
Finance costs	6	**1,765**	1,065
Interest income	5	**(185)**	(192)
Unrealised foreign exchange gain, net		**(226)**	(329)
Operating cash flows before changes in working capital		**11,083**	20,120
Working capital changes:			
Restricted deposits		**642**	–
Inventories		**(13,583)**	(17,651)
Trade and other receivables		**(207)**	(3,377)
Prepaid expenses		**(99)**	(159)
Trade and other payables		**(10,703)**	9,523
Cash (used in)/generated from operations		**(12,867)**	8,456
Interest received		**269**	315
Interest paid		**(1,561)**	(899)
Income tax paid		**(779)**	(95)
Net cash flows (used in)/generated from operating activities		**(14,938)**	7,777
Cash flows from investing activities			
Fixed deposits pledged with banks		**(1,765)**	(1,251)
Purchase of right-of-use assets		**–**	(100)
Purchase of property, plant and equipment	A	**(796)**	(2,386)
Proceeds from disposal of property, plant and equipment	B	**27**	817
Purchase of intangible assets	C	**(9)**	(159)
Proceeds from maturity of investment securities		**1,000**	6,500
Purchase of investment securities		**–**	(5,832)
Net cash flows used in investing activities		**(1,543)**	(2,411)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from financing activities			
Purchase of treasury shares		**(398)**	(421)
Dividends paid on ordinary shares of the Company		**(5,012)**	(637)
Proceeds from bank borrowings	D	**112,774**	57,520
Repayment of bank borrowings	D	**(102,469)**	(52,578)
Principal element of lease payments	D	**(1,134)**	(1,023)
Net cash flows generated from financing activities		**3,761**	2,861
Net (decrease)/increase in cash and cash equivalents		**(12,720)**	8,227
Effects of exchange rate changes on cash and cash equivalents		**251**	197
Cash and cash equivalents at beginning of financial year		**27,876**	19,452
Cash and cash equivalents at end of financial year	17	**15,407**	27,876

Note A: Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,104,000 (2021: $1,010,000). The additions were by way as follows:

	Note	2022 $'000	2021 $'000
Cash and bank balances		**664**	858
Inventories		**412**	4
Prepaid expenses		**–**	104
Transfer from right-of-use assets		**–**	42
Other payables		**28**	2
	12	**1,104**	1,010

Cash outflows for the year also include payments in respect of the purchase of property, plant and equipment in the previous year of $132,000 (2021: $1,528,000).

Note B: Disposal of property, plant and equipment

During the financial year, the Group disposed property plant and equipment for $105,000 (2021: $812,000). Proceeds of $27,000 (2021: $812,000) were collected during the financial year with $78,000 remaining in other receivables (2021: $Nil).

Cash inflows for the previous year also include receipts in respect of disposal of property, plant and equipment in the financial year ended 31 December 2020 of $5,000.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note C: Purchase of intangible assets

During the financial year, the Group acquired intangible assets with an aggregate cost of $9,000 (2021: $165,000). The additions were by way as follows:

	Note	2022 $'000	2021 $'000
Cash and bank balances		**9**	159
Prepaid expenses		**–**	6
	14	**9**	165

Note D: Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 January $'000	Cash flows $'000	Addition during the year $'000	Foreign exchange movement $'000	Accretion of interest $'000	Others $'000	31 December $'000
2022							
Bank borrowings	**24,903**	**10,305**	**–**	**(31)**	**–**	**–**	**35,177**
Lease liabilities	**7,305**	**(1,413)**	**410**	**–**	**279**	**(728)**	**5,853**
Total	**32,208**	**8,892**	**410**	**(31)**	**279**	**(728)**	**41,030**
2021							
Bank borrowings	19,830	4,942	–	131	–	–	24,903
Lease liabilities	8,072	(1,352)	292	–	329	(36)	7,305
Total	27,902	3,590	292	131	329	(36)	32,208

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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.

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 disclosed in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (the "SFRS(I)s").

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

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting polices

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 17: *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS (I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liabilities in a Sale and Leaseback*	1 January 2024
Amendments to SFRS (I) Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars ("SGD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	–	50 years
Leasehold buildings	–	20 to 30 years
Plant and machinery	–	5 to 10 years
Furniture and fittings	–	4 to 10 years
Office equipment	–	3 to 10 years
Renovation	–	5 to 10 years
Motor vehicles	–	4 to 10 years

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licences are stated at cost less accumulated amortisation and impairment in value, if any. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years.

(b) Club membership

Club membership was acquired separately and is stated at cost less impairment in value, if any.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average cost basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Provisions (cont'd)

Provision for reinstatement costs

Provision for reinstatement costs arose from the estimated cost of dismantling, removing and restoring the leasehold properties at the end of their lease terms.

The reinstatement costs which are provided at the present value of estimated costs required to settle the obligation are recognised as part of the cost of that particular asset. The estimated future cost if reinstatement is reviewed annually and adjusted as appropriate.

2.16 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit losses determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.17 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the balance sheet date is recognised for services rendered by employees up to the end of the reporting period.

2.20 Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

· Office equipment	5 years
· Motor vehicles	10 years
· Workers dormitories	2 years
· Land	6 to 20 years

The right-of-use assets are also subject to impairment. Please refer to Note 2.9 for Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

ii) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue recognition (cont'd)

(a) Sale of goods

The Group supplies steel products to the customers.

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the contractual price. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Cut and bend services

Revenue from cut and bend services is recognised when the services have been performed and rendered.

(c) Rental of steel plates

Revenue from rental of steel plates is accounted for on a straight-line basis over the lease terms.

(d) Dividend income

Dividend income is recognised in profit or loss when the Group's right to receive payment is established.

(e) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentive provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Warehouse and handling fee income

Warehouse rental is accounted for on a straight-line basis over the lease terms.

Related handling fee income is accounted when the services have been performed and rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Key sources of estimation uncertainty

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 carrying amount of the Group's trade receivables as at the end of the reporting period and information on the related ECLs are disclosed in Note 19 and Note 34 respectively.

A 5% increase/decrease in the allowance for expected credit losses estimated by the management would result in an increase/decrease of $213,000 in the Group's loss before income tax (2021: a decrease/increase of $282,000 in the Group's profit before tax).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(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. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18.

A 5% increase/decrease in the allowance for stock obsolescence estimated by the management would result in an increase/decrease of $5,150 in the Group's loss before income tax (2021: a decrease/increase of $450 in the Group's profit before income tax).

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

The carrying amounts of property, plant and equipment and right-of-use assets are reviewed for impairment when there are indicators of impairment. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, whichever is the higher of its fair value less cost to sell and its value in use. The carrying amounts of the Group's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 12 and Note 13 respectively.

There was an indication of impairment for the property, plant and equipment and right-of-use assets held by a subsidiary in Myanmar due to operating losses incurred and the difficult operating situation in Myanmar.

The recoverable amounts of property, plant and equipment and right-of-use assets held by the subsidiary were based on the fair value less costs of disposal. The estimated recoverable amounts were highly dependent on the offer prices received for the assets. Possible changes in the offer range could result in revisions to the estimated recoverable amounts and impairment losses recognised.

For the financial year ended 31 December 2022, the Group has recognised impairment losses of $8,810,000 (2021: $nil) for property, plant and equipment and right-of-use assets of the Group as disclosed in Note 7.

A 5% increase/decrease in the impairment losses on property, plant and equipment and right-of-use assets recognised would result in an increase/decrease of $440,000 (2021: $nil) in the Group's loss before income tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE

Disaggregation of revenue

	Group	
	2022	2021
	$'000	$'000
Sale of goods *(at a point in time)*	**59,068**	51,724
Cut and bend *(at a point in time)*	**97,137**	88,508
Rental of steel plates *(over time)*	**2,168**	2,035
	158,373	142,267

5. OTHER OPERATING INCOME

	Group	
	2022	2021
	$'000	$'000
Bad debts recovered	**1**	4
Gain on disposal of property, plant and equipment	**91**	455
Gain on lease modification	**336**	–
Interest income		
– Cash held with banks	**80**	32
– Investment securities	**105**	159
– Late payment from customers	**–**	1
Rental income	**27**	27
Income from subleasing	**409**	912
Warehouse and handling fee income	**684**	1,244
Electricity charges income	**9**	11
Government grant income	**324**	448
Fair value gain on derivatives, net	**–**	4
Sundry income	**269**	202
	2,335	3,499

Government grant income related mainly to foreign worker levy rebate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. FINANCE COSTS

		Group	
	Note	2022 $'000	2021 $'000
Interest on lease liabilities	13	**279**	329
Interest expense			
– Bridge loans		**95**	121
– Trust receipts		**825**	171
– Construction loans		**510**	390
– Term loans		**34**	36
– Others		**22**	18
		1,765	1,065

7. IMPAIRMENT LOSS ON NON-FINANCIAL ASSETS

		Group	
	Note	2022 $'000	2021 $'000
Property, plant and equipment	12	**7,813**	–
Right-of-use assets	13	**997**	–
		8,810	–

For the financial year ended 31 December 2022, the Group recognised impairment losses of $8,810,000 (2021: $nil) on property, plant and equipment and right-of-use assets of the Group.

The impairment losses related to buildings, plant and machinery and leasehold land held by a subsidiary in Myanmar and within the manufacturing segment (Note 31). This was in view of the Group's plan to cease its business operations in Myanmar subsequent to year end.

The aggregated recoverable amounts of $4,308,000 were based on the fair value less costs of disposal determined by market approach. The estimated recoverable amounts were highly dependent on the offer prices received for the assets and a level 3 fair value measurement. There were no discount rates applied as management has intentions to sell these assets within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Note	Group 2022 $'000	Group 2021 $'000
Trade receivables	19	**1,203**	3,461
Other receivables	19	**9**	24
		1,212	3,485

For the financial year ended 31 December 2022, the Group recognised impairment losses of $1,203,000 on its trade receivables, among which $976,000 was related to trade receivables of a subsidiary in Myanmar.

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting) the following:

	Group 2022 $'000	Group 2021 $'000
Depreciation of property, plant and equipment recognised as an expense in cost of sales (Note 12)	**1,469**	1,542
Inventories recognised as an expense in cost of sales (Note 18)	**124,995**	103,034
Audit fees paid/payable to:		
– Auditors of the Company	**178**	173
– Other auditors	**3**	3
Directors' fees	**208**	246
Staff cost (including directors):		
– Salaries, bonuses and allowances	**9,273**	9,775
– Employer's contributions to defined contribution plan	**622**	534
– Other staff welfare expenses	**352**	358
Legal and professional fees	**465**	262
Fair value loss/(gain) on derivatives, net	**384**	(4)
Depreciation of property, plant and equipment (Note 12)	**2,071**	1,429
Depreciation of right-of-use assets (Note 13)	**1,320**	1,123
Amortisation of intangible assets (Note 14)	**32**	22
Short-term lease expenses (Note 13)	**380**	97
Foreign exchange loss, net	**88**	390
Allowance for inventories obsolescence (Note 18)	**99**	6
Write-off of property, plant and equipment	**5**	–
Impairment of property, plant and equipment (Note 12)	**7,813**	–
Impairment of right-of-use assets (Note 13)	**997**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2022 and 2021 were:

	Group	
	2022	**2021**
	$'000	**$'000**
Current income tax		
– Current financial year	**493**	841
– Over-provision in respect of prior year	**(59)**	–
	434	841
Deferred income tax		
– Origination and reversal of temporary differences (Note 24)	**96**	421
Total income tax expense recognised in the statement of comprehensive income	**530**	1,262

(b) *Relationship between tax expense and accounting (loss)/profit*

The reconciliation between tax expense and the accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 were as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
(Loss)/profit before income tax	**(5,245)**	12,432
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(1,755)**	1,957
Non-deductible expenses	**3,120**	745
Non-taxable income	**(23)**	(27)
Over-provision in respect of prior year	**(59)**	–
Tax exemption and tax relief	**(35)**	(32)
Utilisation previously unrecognised deferred tax assets	**(712)**	(1,381)
Others	**(6)**	–
Total income tax expense recognised in the statement of comprehensive income	**530**	1,262

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting (loss)/profit (cont'd)

At the balance sheet date, the Group has tax losses of approximately $101,105,000 (2021: $101,239,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax rates of the jurisdictions the Group operates in are ranging from 17% to 25%.

Under the Group Relief Scheme, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

For the financial year ended 31 December 2022, the Company transferred unutilised current year tax losses of $2,953,817 (2021: $3,191,382) to a subsidiary, subjected to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the Group's (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The (loss)/profit and share data are presented in the table below:

	Group	
	2022	**2021**
	$'000	**$'000**
(Loss)/profit for the year attributable to owners of the Company	**(527)**	12,065
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation and diluted earnings per share computation	**125,376**	127,310

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings $'000	Leasehold buildings $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group										
Cost										
At 1 January 2021	196	9,833	28,554	20,830	323	585	302	2,567	13	63,203
Additions	–	–	–	162	17	48	56	291	436	1,010
Disposals and write-off	–	–	–	(541)	–	–	–	(388)	–	(929)
Reclassifications	–	–	–	426	–	–	–	–	(426)	–
Exchange differences	(2)	199	–	38	–	1	–	3	–	239
At 31 December 2021 and 1 January 2022	**194**	**10,032**	**28,554**	**20,915**	**340**	**634**	**358**	**2,473**	**23**	**63,523**
Additions	**–**	**–**	**–**	**456**	**4**	**41**	**–**	**251**	**352**	**1,104**
Disposals and write-off	**–**	**–**	**(9,172)**	**(944)**	**(37)**	**(127)**	**(302)**	**(206)**	**–**	**(10,788)**
Reclassifications	**–**	**–**	**–**	**345**	**14**	**2**	**14**	**–**	**(375)**	**–**
Exchange differences	**(12)**	**(87)**	**–**	**(13)**	**–**	**(1)**	**–**	**(1)**	**–**	**(114)**
At 31 December 2022	**182**	**9,945**	**19,382**	**20,759**	**321**	**549**	**70**	**2,517**	**–**	**53,725**
Accumulated depreciation and impairment loss										
At 1 January 2021	–	391	14,773	10,774	247	495	302	2,258	–	29,240
Charge for the year	–	200	1,094	1,508	30	33	7	99	–	2,971
Disposals and write-off	–	–	–	(285)	–	–	–	(287)	–	(572)
Exchange differences	–	8	–	8	–	–	–	–	–	16
At 31 December 2021 and 1 January 2022	**–**	**599**	**15,867**	**12,005**	**277**	**528**	**309**	**2,070**	**–**	**31,655**
Charge for the year	**–**	**205**	**1,708**	**1,422**	**36**	**49**	**13**	**107**	**–**	**3,540**
Disposals and write-off	**–**	**–**	**(9,172)**	**(929)**	**(37)**	**(126)**	**(302)**	**(203)**	**–**	**(10,769)**
Impairment losses	**–**	**6,944**	**–**	**869**	**–**	**–**	**–**	**–**	**–**	**7,813**
Exchange differences	**–**	**(202)**	**–**	**(33)**	**–**	**(1)**	**–**	**(1)**	**–**	**(237)**
At 31 December 2022	**–**	**7,546**	**8,403**	**13,334**	**276**	**450**	**20**	**1,973**	**–**	**32,002**
Net carrying amount										
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**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Company							
Cost							
At 1 January 2021	9,172	9,720	291	362	302	2,213	22,060
Additions	–	14	10	30	56	215	325
Disposals and write-off	–	(605)	–	–	–	(241)	(846)
At 31 December 2021 and 1 January 2022	**9,172**	**9,129**	**301**	**392**	**358**	**2,187**	**21,539**
Additions	**–**	**412**	**–**	**26**	**–**	**251**	**689**
Disposals 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**
Accumulated depreciation and impairment loss							
At 1 January 2021	7,694	4,971	238	326	302	2,071	15,602
Charge for the year	432	570	23	20	7	75	1,127
Disposals and write-off	–	(316)	–	–	–	(225)	(541)
At 31 December 2021 and 1 January 2022	**8,126**	**5,225**	**261**	**346**	**309**	**1,921**	**16,188**
Charge for the year	**1,046**	**481**	**26**	**31**	**11**	**82**	**1,677**
Disposals 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**
Net carrying amount							
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**

The net carrying amounts of property, plant and equipment of the Group and the Company that were mortgaged as security for bank borrowings (Note 21) were as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Leasehold buildings	**10,979**	12,687	–	1,046

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As lessee

The Group has lease contracts for various items of land, workers dormitories, office equipment and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. There are no contingent rents included in the agreements or restrictions on subleasing the leased assets.

The Group also has certain other leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets

	Land $'000	Workers dormitories $'000	Group Office equipment $'000	Motor vehicles $'000	Total
At 1 January 2021	10,930	87	114	78	11,209
Additions	1,000	223	3	166	1,392
Depreciation	(914)	(169)	(24)	(16)	(1,123)
Termination of lease	–	–	–	(78)	(78)
Exchange differences	60	–	–	–	60
At 31 December 2021 and 1 January 2022	**11,076**	**141**	**93**	**150**	**11,460**
Additions	**155**	**255**	**–**	**–**	**410**
Depreciation	**(1,055)**	**(218)**	**(26)**	**(21)**	**(1,320)**
Reversal of provision for reinstatement costs	**(975)**	**–**	**–**	**–**	**(975)**
Lease modification	**(392)**	**–**	**–**	**–**	**(392)**
Impairment losses	**(997)**	**–**	**–**	**–**	**(997)**
Exchange differences	**9**	**–**	**–**	**–**	**9**
At 31 December 2022	**7,821**	**178**	**67**	**129**	**8,195**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

As lessee (cont'd)

(a) Carrying amounts of right-of-use assets (cont'd)

	Company			
	Land $'000	Workers dormitories $'000	Office equipment $'000	Total $'000
At 1 January 2021	1,420	40	91	1,551
Additions	1,000	–	–	1,000
Depreciation	(424)	(30)	(19)	(473)
At 31 December 2021 and 1 January 2022	**1,996**	**10**	**72**	**2,078**
Additions	**–**	**81**	**–**	**81**
Depreciation	**(560)**	**(37)**	**(19)**	**(616)**
Reversal of provision for reinstatement costs	**(975)**	**–**	**–**	**(975)**
Lease modification	**(392)**	**–**	**–**	**(392)**
At 31 December 2022	**69**	**54**	**53**	**176**

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year were as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	**7,305**	8,072	**1,491**	2,071
Additions	**410**	292	**81**	–
Accretion of interest	**279**	329	**31**	70
Payments	**(1,413)**	(1,352)	**(656)**	(650)
Lease modification	**(728)**	–	**(728)**	–
Termination of lease	**–**	(36)	**–**	–
At 31 December	**5,853**	7,305	**219**	1,491
Current	**600**	1,033	**155**	586
Non-current	**5,253**	6,272	**64**	905
	5,853	7,305	**219**	1,491

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

As lessee (cont'd)

(c) Amounts recognised in profit or loss

	Group	
	2022	2021
	$'000	$'000
Depreciation expense of right-of-use assets	**1,320**	1,123
Interest expense on lease liabilities (Note 6)	**279**	329
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in other operating expenses)	**380**	97
Total amount recognised in profit or loss	**1,979**	1,549

(d) Total cash outflows

During the financial year, the Group had total cash outflows for leases of $1,793,000 (2021: $1,449,000).

As lessor

The Group acts as an intermediate lessor under arrangement in which it subleases out office and land spaces to third parties for monthly lease payments for periods ranging 12 to 36 months. The sublease periods do not form a major part of the remaining lease terms under the head leases and there are no options for renewal. Accordingly, the subleases are classified as operating leases. Income from subleasing is disclosed in Note 5.

The undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Not later than one year	**100**	534	–	398
Later than one year but not later than five years	**201**	301	–	–
	301	835	–	398

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. INTANGIBLE ASSETS

	Computer software $'000	Club membership $'000	Total $'000
Group			
Cost			
At 1 January 2021	1,089	24	1,113
Additions	46	119	165
Exchange differences	1	–	1
At 31 December 2021 and 1 January 2022	**1,136**	**143**	**1,279**
Additions	**9**	**–**	**9**
Exchange differences	**(1)**	**–**	**(1)**
At 31 December 2022	**1,144**	**143**	**1,287**
Accumulated amortisation			
At 1 January 2021	996	–	996
Amortisation	22	–	22
At 31 December 2021 and 1 January 2022	**1,018**	**–**	**1,018**
Amortisation	**32**	**–**	**32**
Exchange differences	**(1)**	**–**	**(1)**
At 31 December 2022	**1,049**	**–**	**1,049**
Net carrying amount			
At 31 December 2021	118	143	261
At 31 December 2022	**95**	**143**	**238**
Company			
Cost			
At 1 January 2021, 31 December 2021 and 1 January 2022	**919**	**143**	**1,062**
Additions	**3**	**–**	**3**
At 31 December 2022	**922**	**143**	**1,065**
Accumulated amortisation			
At 1 January 2021	911	–	911
Amortisation	5	–	5
At 31 December 2021 and 1 January 2022	**916**	**–**	**916**
Amortisation	**4**	**–**	**4**
At 31 December 2022	**920**	**–**	**920**
Net carrying amount			
At 31 December 2021	3	143	146
At 31 December 2022	**2**	**143**	**145**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Unquoted equity shares, at cost	**14,346**	14,346
Less: accumulated impairment losses	**(1,318)**	(1,233)
	13,028	13,113
Movement in allowance on impairment losses		
Balance at 1 January	**1,233**	1,233
Charge during the year	**85**	–
Balance at 31 December	**1,318**	1,233

For the financial year ended 31 December 2022, the Company recognised additional impairment losses of $85,000 (2021: $nil) on an investment in subsidiary in Malaysia as the recoverable amount did not support the carrying amount of the investment.

The recoverable amount of $1,091,000 was based on fair value less costs of disposal which was determined based on the net asset value of the subsidiary. This is a level 3 fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Composition of the Group*

The Group has the following investment in subsidiaries:

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest 2022 %	2021 %
Held by the Company				
Jin Heng Li Hardware Sdn Bhd[2]	Dormant	Malaysia	**100.00**	100.00
Oriental Metals Pte Ltd[1]	Manufacturing and supply of steel material to the construction industry	Singapore	**99.99**	99.99
HG Metal Investments Pte Ltd[1]	Investment holding	Singapore	**100.00**	100.00
PT HG Metal Distribution Indonesia[3]	Dormant	Indonesia	**100.00**	100.00
Held by HG Metal Investments Pte Ltd				
HG Construction Steel Pte Ltd[1]	Manufacturing and supply of steel material to the construction industry	Singapore	**100.00**	100.00
HG Metal Manufacturing Sdn Bhd[2]	Dormant	Malaysia	**100.00**	100.00
HG Yangon Company Limited[3]	Trading and distribution of steel products	Myanmar	**100.00**	100.00
First Fortune International Company Limited[4]	Manufacturing, trading and fabrication of steel structures and parts	Myanmar	**51.04**	51.04
Held by HG Metal Manufacturing Sdn Bhd				
HG Metal Distribution Sdn Bhd[2]	Dormant	Malaysia	**100.00**	100.00

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Baker Tilly Malaysia
(3) Not required to be audited under the laws of the country of incorporation
(4) Audited by UTW (Myanmar) Limited (a member firm of Ernst & Young Global Limited) for the purpose of group consolidation

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interest in subsidiary with material non-controlling interest ("NCI")

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
31 December 2022				
First Fortune International Company Limited	Myanmar	48.96%	(5,248)	(1,790)
31 December 2021				
First Fortune International Company Limited	Myanmar	48.96%	(895)	3,338

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

Summarised balance sheets

	First Fortune International Company Limited	
	2022 $'000	2021 $'000
Current		
Assets	**3,022**	8,067
Liabilities	**(7,637)**	(9,800)
Net current liabilities	**(4,615)**	(1,733)
Non-current		
Assets	**4,474**	13,606
Liabilities	**(3,522)**	(5,061)
Net non-current assets	**952**	8,545
Net (liabilities)/assets	**(3,663)**	6,812

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

Summarised statement of comprehensive income

	First Fortune International Company Limited	
	2022	2021
	$'000	$'000
Revenue	**5,756**	6,594
Loss before income tax	**(10,719)**	(1,828)
Income tax expense	**–**	–
Loss after income tax	**(10,719)**	(1,828)
Other comprehensive income	**–**	–
Total comprehensive income	**(10,719)**	(1,828)
Other summarised information		
Net cash flows generated from operations	**1,192**	1,146

16. INVESTMENT SECURITIES

	Group and Company	
	2022	2021
	$'000	$'000
At amortised cost		
– 2.23% p.a. SGD government bonds due 21 February 2022	**–**	1,000
– 2.59% p.a. SGD corporate bonds due 5 April 2023	**1,006**	1,028
– 3.21% p.a. SGD corporate bonds due 9 November 2023	**2,768**	2,786
– 3.10% p.a. SGD government bonds due 24 July 2024	**3,636**	3,721
– 2.32% p.a. SGD government bonds due 24 January 2028	**261**	263
	7,671	8,798
Net carrying amount		
Current	**3,861**	1,127
Non-current	**3,810**	7,671
	7,671	8,798

NOTES TO THE FINANCIAL STATEMENTS
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16. INVESTMENT SECURITIES (CONT'D)

Investments pledged as security

The Group's investments in corporate and government bonds amounting to $7,671,000 (2021: $8,798,000) have been pledged as partial security to secure trade facilities during the financial year. Under the terms and conditions of the trade facilities, the Group is prohibited from disposing of these investments or subjecting them to further charges without furnishing a replacement security of similar value.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash and bank balances	**14,242**	26,747	**7,899**	11,784
Fixed deposits with banks	**1,165**	1,129	**24**	2
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	**142**	784	**–**	–
Bank balances and fixed deposits	**24,565**	35,911	**12,923**	15,536

For the financial year ended 31 December 2022, fixed deposits earn weighted average effective interest rate of 2.63% per annum (2021: 0.26% per annum) and for tenures ranging from 2 months to 24 months (2021: 1 to 9 months).

The purpose of the pledged fixed deposits is to secure credit facilities with the banks as disclosed in Note 21.

Restricted deposits are cash deposits placed as collateral with a bank to guarantee satisfactory of supply and delivery of goods as sub-contractor. These deposits are restricted in use until 31 January 2029.

Cash and bank balances denominated in foreign currencies are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States Dollar	**5,383**	6,460	**4,061**	5,028
Myanmar Kyat	**619**	1,569	**–**	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trading inventories	**22,921**	20,757	**23,030**	20,923
Finished goods	**1,334**	1,022	**–**	–
Work-in-progress	**50**	73	**–**	–
Raw materials	**34,546**	23,927	**–**	–
Inventories (at lower of cost and net realisable value)	**58,851**	45,779	**23,030**	20,923

Included in the above balances is an allowance for inventory obsolescence of $103,000 (2021: $9,000).

	Group	
	2022	2021
	$'000	$'000
Inventories recognised as an expense in cost of sales (Note 9)	**124,995**	103,034
– Inclusive of write-back of inventories	**(5)**	(14)
Allowance for inventories obsolescence (Note 9)	**99**	6

The write-back of inventories recognised in cost of sales was due to the inventories being sold above the carrying amounts during the financial year.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables				
Third parties	**35,323**	37,001	**8,732**	9,016
Amounts due from related party	**–**	6	**–**	6
Amounts due from subsidiaries	**–**	–	**24,621**	28,852
	35,323	37,007	**33,353**	37,874
Other receivables				
Third parties	**36**	94	**23**	62
Rental, utilities and other deposits	**279**	349	**179**	133
Amounts due from subsidiaries	**–**	–	**10,360**	8,408
Advance to suppliers for purchase of inventories	**940**	61	**147**	39
	1,255	504	**10,709**	8,642
Total trade and other receivables	**36,578**	37,511	**44,062**	46,516

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

Other receivables, excluding advance to suppliers for purchase of inventories, are unsecured, interest-free, repayable in cash on demand.

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	**61**	3,117	**1,571**	6,014
Myanmar Kyat	**160**	425	**–**	–

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 movements in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Movement in allowance accounts (trade receivables):				
Balance as at 1 January	**5,636**	2,203	**2,870**	539
Provision for expected credit losses (Note 8)	**1,203**	3,461	**1,647**	2,331
Bad debts written off against allowance	**(2,534)**	(31)	**(2,372)**	–
Exchange differences	**(52)**	3	**–**	–
Balance as at 31 December	**4,253**	5,636	**2,145**	2,870
Movement in allowance accounts (other receivables):				
Balance as at 1 January	**24**	59	**1,334**	1,334
Provision for expected credit losses (Note 8)	**9**	24	**3,137**	–
Bad debts written off against allowance	**–**	(59)	**–**	–
Exchange differences	**(2)**	–	**–**	–
Balance as at 31 December	**31**	24	**4,471**	1,334

For the financial year ended 31 December 2022, the Company made full allowance for expected credit losses on its trade and other receivables from a subsidiary in Myanmar. This was in view of the Group's plan to cease its business operations in Myanmar subsequent to year end as disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables				
Third parties	**4,899**	12,634	**2,828**	3,226
	4,899	12,634	**2,828**	3,226
Other payables				
Accrued operating expenses	**3,101**	3,789	**1,640**	1,524
Amounts due to subsidiaries	**–**	–	**23,702**	27,446
Amounts due to a shareholder of a subsidiary	**1,486**	1,497	**–**	–
Deposits from customers	**44**	467	**18**	250
GST payables	**792**	1,736	**764**	773
Sundry payables	**1,068**	1,333	**375**	295
Provision for unutilised leave	**84**	50	**32**	11
	6,575	8,872	**26,531**	30,299
Total trade and other payables	**11,474**	21,506	**29,359**	33,525

Trade payables including amounts due to subsidiaries are non-interest bearing and are normally settled on 30 to 90 days' term.

Deposits from customers are unsecured and refundable upon the fulfilment of the contractual obligations.

Other payables, excluding GST payables and provision for unutilised leave, are unsecured, interest-free, repayable on demand and expected to be settled in cash.

Trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States Dollar	**2,401**	7,387	**2,401**	7,387
Myanmar Kyat	**90**	–	**–**	–

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21. BANK BORROWINGS

		Group		Company	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current					
Secured					
– Trust receipts	SGD	**13,662**	–	**7,395**	–
– Trust receipts	USD	**5,719**	6,181	**629**	5,470
– Construction loan	SGD	**560**	742	**–**	–
– Construction loan	USD	**1,476**	1,513	**–**	–
– Bridge loans	SGD	**1,004**	977	**401**	390
– Term loans	SGD	**479**	479	**–**	–
– Receivables financing	SGD	**721**	–	**–**	–
Total current borrowings		**23,621**	9,892	**8,425**	5,860
Non-current					
Secured					
– Construction loan	SGD	**5,703**	6,135	**–**	–
– Construction loan	USD	**3,522**	5,061	**–**	–
– Bridge loans	SGD	**1,914**	2,918	**766**	1,167
– Term loans	SGD	**417**	897	**–**	–
Total non-current borrowings		**11,556**	15,011	**766**	1,167
Total		**35,177**	24,903	**9,191**	7,027

The bank borrowings of the Group and the Company as at 31 December 2022 and 31 December 2021 are secured by way of:

(i) legal mortgage over leasehold buildings (Note 12) of the Group and of the Company with net carrying amount of $10,979,000 and $Nil (2021: $12,687,000 and $1,046,000) respectively as at 31 December 2022;

(ii) investment securities pledged with a bank (Note 16); and

(iii) fixed deposits pledged with a bank (Note 17).

The Group's bank borrowings bear the following interest rates:

		Interest rates per annum	
		2022	2021
Trust receipts	(Floating rate)	**3.50% – 6.65%**	1.94% – 2.40%
Construction loan (SGD)	(Floating rate)	**1.95% – 5.86%**	1.91% – 2.41%
Construction loan (USD)	(Floating rate)	**3.41% – 7.98%**	3.31% – 3.47%
Bridge loans	(Fixed rate)	**2.75%**	2.75%
Term loans	(Fixed rate)	**1.40% – 4.00%**	1.40% – 4.00%
Receivables financing	(Floating rate)	**1.79% – 5.60%**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. PROVISION FOR REINSTATEMENT COSTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current	**241**	–	**241**	–
Non-current	**972**	2,772	**–**	1,800
Total	**1,213**	2,772	**241**	1,800

The movements in provision for reinstatement costs were as follows:

	Group $'000	Company $'000
At 1 January 2021	1,772	800
Provision capitalised under right-of-use assets	1,000	1,000
At 31 December 2021 and 1 January 2022	**2,772**	**1,800**
Reversal of provision for reinstatement costs	**(975)**	**(975)**
Utilisation during the year	**(584)**	**(584)**
At 31 December 2022	**1,213**	**241**

Provision for reinstatement costs is made in respect of the Group and Company's leasehold buildings and right-of-use assets to fulfil the obligations under the lease agreements. Cash outflows are expected only at the end of the lease tenure.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2022			2021		
	Contract notional amount $'000	Assets $'000	Liabilities $'000	Contract notional amount $'000	Assets $'000	Liabilities $'000
Group						
Forward currency contracts	**24,319**	**–**	**423**	10,003	–	39
Company						
Forward currency contracts	**3,357**	**–**	**38**	6,095	–	34

Forward currency contracts are used to hedge foreign currency risk arising from the Group's sales and purchases denominated in United States Dollar ("USD") for which firm commitments existed at the end of the reporting period.

The Group does not apply hedge accounting.

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24. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities were as follows:

	Group				
	At 1 January 2021 $'000	Recognised in profit or loss (Note 10) $'000	At 31 December 2021 and 1 January 2022 $'000	Recognised in profit or loss (Note 10) $'000	At 31 December 2022 $'000
Deferred tax liabilities					
– Differences in depreciation for tax purposes	57	421	**478**	96	**574**

25. SHARE CAPITAL

	Group and Company			
	2022		2021	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully-paid:				
Ordinary shares				
At 1 January and 31 December	**130,611**	**70,496**	130,611	70,496

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

26. TREASURY SHARES

	Group and Company			
	2022		2021	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully-paid:				
Ordinary shares				
At 1 January and 31 December	**5,314**	**3,034**	4,317	2,636

Treasury shares relate to ordinary shares of the Company that are held by the Company.

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27. OTHER RESERVES

		Group		Company	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Capital reserve	(a)	**2,527**	2,527	**2,527**	2,527
Foreign currency translation reserve	(b)	**688**	646	**–**	–
Premium paid on acquisition of non-controlling interest	(c)	**(212)**	(212)	**–**	–
		3,003	2,961	**2,527**	2,527

(a) *Capital reserve*

In 2005, the Company entered into a $10,000,000 convertible loan agreement (2005 Convertible Loan Agreement) with Oversea-Chinese Banking Corporation Limited ("OCBC") for the purpose of expansion and/or to be applied to general working capital requirements. On 15 August 2006, the Company and OCBC entered into a revised Convertible Loan Agreement for refinancing the 2005 Convertible Loan Agreement which granted OCBC the right to convert the loan amount into new ordinary shares of the Company at any time until maturity date on 5 July 2008.

The net proceeds received from the issue of the convertible loan were split into the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Group and the Company. Accordingly, $101,000 was credited to capital reserve in the financial year ended 30 September 2006.

OCBC exercised its option to convert the entire convertible loan of $10 million into 31,171,147 new ordinary shares of the Company during the financial year ended 30 September 2007. In accordance with the terms of the revised convertible loan agreement, the Company was entitled to a certain percentage of share of profits earned by OCBC from the sale of these conversion shares, net of certain expenses.

Subsequently, OCBC sold the shares and a sum of $2,426,000 was received by the Company as its share from the net profit earned by OCBC on the disposal of the conversion shares. The Company has recorded the consideration received as capital reserve.

(b) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movement in this account is set out in the consolidated statement of changes in equity.

(c) *Premium paid on acquisition of non-controlling interest*

Premium paid on acquisition of non-controlling interest was recognised on the difference between the consideration and the carrying value of the additional interest in subsidiary acquired without a change in control.

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28. DIVIDENDS

	Group and Company	
	2022	2021
	$'000	$'000
Ordinary dividend proposed but not recognised as a liability as at 31 December:		
Final tax-exempt (one-tier) dividend of $0.025 per ordinary share (2021: $0.040 per ordinary share), subject to shareholders' approval at the AGM	**3,132**	5,012
Ordinary dividend paid:		
Final tax-exempt (one-tier) dividend of $0.040 per ordinary share (2020:S$0.005 per ordinary share) in respect of the financial year ended 31 December 2021 and 31 December 2020, approved and paid during the financial year	**5,012**	637

29. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES AND RELATED PARTIES

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant transactions between the Company and its related companies and related parties at rates and terms agreed between the parties during the financial year:

	Company	
	2022	2021
	$'000	$'000
With subsidiaries		
Sales	**34,071**	43,005
Purchases	**–**	(52)
Dividend income	**8,011**	3,788
Management fee income	**1,580**	–
Interest income	**190**	77
Other income	**865**	560
Disposal of fixed assets	**32**	35
Rental expenses	**(779)**	(939)

	Group	
	2022	2021
	$'000	$'000
With companies related to directors of the Company		
Sales	**5**	63
Other charges	**(17)**	–

	Company	
	2022	2021
	$'000	$'000
Sales	**5**	63
Other charges	**(9)**	–

NOTES TO THE FINANCIAL STATEMENTS

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29. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES AND RELATED PARTIES (CONT'D)

Compensation of key management personnel

The remuneration of the directors and other members of key management of the Group and of the Company during the financial year were as follows:

	Group	
	2022	2021
	$'000	$'000
Directors of the Company		
Salaries and other short-term employee benefits	**714**	706
Employer's contributions to defined contribution plan	**17**	17
Key management personnel (non-directors)		
Salaries and other short-term employee benefits	**1,569**	2,421
Employer's contributions to defined contribution plan	**74**	67
	2,374	3,211

30. CONTINGENT LIABILITIES

Guarantees

(i) Intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to $42,296,000 (2021: $42,400,000) to secure banking facilities provided to certain subsidiaries. The financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the subsidiaries for which, the guarantees were given on behalf of.

The fair values of the financial guarantee contracts have not been recognised on the balance sheet of the Company as management is of the view that the fair values of the corporate guarantees are not significant and that no material losses in respect of the guarantees provided at the date of these financial statements.

(ii) The Group has provided performance bonds to an unrelated party as security deposits to guarantee satisfactory supply and delivery of goods as sub-contractor. The performance bonds remain in full force until 31 January 2029. As at the end of the reporting period, no liability is expected to arise.

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31. 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.

Transactions between operating segments are generally based on terms determined on commercial basis.

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31. SEGMENT INFORMATION (CONT'D)

	2022				
	Trading $'000	Manufacturing $'000	Others $'000	Adjustment/ elimination $'000	Group $'000
Revenue					
Sales to external customers	47,692	110,681	–	–	158,373
Inter-segment sales (Note A)	34,071	2,275	–	(36,346)	–
Total	81,763	112,956	–	(36,346)	158,373
Results					
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 of property, plant and equipment	58	43	–	(10)	91
Fair value loss from derivatives	(4)	(380)	–	–	(384)
Allowance for inventories obsolescence	(73)	(26)	–	–	(99)
Interest expenses	(343)	(1,612)	–	190	(1,765)
Depreciation and amortisation of assets	(1,682)	(1,885)	(5)	–	(3,572)
Depreciation of right-of-use assets	(616)	(704)	–	–	(1,320)
Impairment of property, plant and equipment	–	(7,813)	–	–	(7,813)
Impairment of right-of-use assets	–	(997)	–	–	(997)
Segment profit/(loss)	3,160	(5,080)	(4,234)	909	(5,245)
Income tax expense					(530)
Loss for the year					(5,775)
Assets and liabilities					
Additions to non-current assets (Note B)	774	781	–	(32)	1,523
Segment assets (Note A)	105,498	107,100	23,037	(77,499)	158,136
Income tax recoverable					139
Total assets					158,275
Segment liabilities (Note A)	39,048	71,602	9,696	(66,206)	54,140
Tax payable					498
Deferred tax liabilities					574
Total liabilities					55,212

31. SEGMENT INFORMATION (CONT'D)

	2021				
	Trading $'000	Manufacturing $'000	Others $'000	Adjustment/ elimination $'000	Group $'000
Revenue					
Sales to external customers	39,723	102,544	–	–	142,267
Inter-segment sales (Note A)	43,005	1,160	–	(44,165)	–
Total	82,728	103,704	–	(44,165)	142,267
Results					
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 of 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
Assets and liabilities					
Additions to non-current assets (Note B)	1,446	1,193	–	(72)	2,567
Segment assets (Note A)	112,578	115,028	31,787	(87,589)	171,804
Income tax recoverable					128
Total assets					171,932
Segment liabilities (Note A)	43,878	73,914	6,094	(67,361)	56,525
Tax payable					843
Deferred tax liabilities					478
Total liabilities					57,846

Notes:

(A) Segment assets and liabilities include balances with companies in the Group. Inter-segment sales, assets and liabilities are eliminated on consolidation.

(B) Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

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31. 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:

	External sales		Non-current assets	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Indonesia	**1,382**	1,940	**–**	–
Malaysia	**3,264**	1,057	**362**	391
Myanmar	**5,756**	6,544	**4,474**	13,606
Singapore	**147,971**	132,726	**25,320**	29,592
	158,373	142,267	**30,156**	43,589

Information about a major customer

Revenues of $14,317,000 (2021: $10,776,000) are derived from a single external customer which made up 9% (2021: 7.6%) of total revenue for 2022. These revenues are attributable to the manufacturing segment.

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32. FINANCIAL INSTRUMENTS

Classification of financial instruments

	Group	
	Fair value through profit and loss $'000	Assets/ liabilities at amortised cost $'000
31 December 2022		
Assets		
Investment securities (Note 16)	–	**7,671**
Bank balances and fixed deposits (Note 17)	–	**24,565**
Trade and other receivables[1] (Note 19)	–	**35,638**
Total	–	**67,874**
Liabilities		
Lease liabilities (Note 13)	–	**5,853**
Trade and other payables[2] (Note 20)	–	**10,598**
Bank borrowings (Note 21)	–	**35,177**
Derivative financial instruments (Note 23)	**423**	–
Total	**423**	**51,628**
31 December 2021		
Assets		
Investment securities (Note 16)	–	8,798
Bank balances and fixed deposits (Note 17)	–	35,911
Trade and other receivables[1] (Note 19)	–	37,450
Total	–	82,159
Liabilities		
Lease liabilities (Note 13)	–	7,305
Trade and other payables[2] (Note 20)	–	19,720
Bank borrowings (Note 21)	–	24,903
Derivative financial instruments (Note 23)	39	–
Total	39	51,928

[1] Excludes advance to suppliers for purchase of inventories
[2] Excludes GST payables and provision for unutilised leave

NOTES TO THE FINANCIAL STATEMENTS
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32. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (cont'd)

	Company	
	Fair value through profit and loss $'000	Assets/ liabilities at amortised cost $'000
31 December 2022		
Assets		
Investment securities (Note 16)	–	**7,671**
Bank balances and fixed deposits (Note 17)	–	**12,923**
Trade and other receivables[1] (Note 19)	–	**43,915**
Total	–	**64,509**
Liabilities		
Lease liabilities (Note 13)	–	**219**
Trade and other payables[2] (Note 20)	–	**28,563**
Bank borrowings (Note 21)	–	**9,191**
Derivative financial instruments (Note 23)	**38**	–
Total	**38**	**37,973**
31 December 2021		
Assets		
Investment securities (Note 16)	–	8,798
Bank balances and fixed deposits (Note 17)	–	15,536
Trade and other receivables[1] (Note 19)	–	46,477
Total	–	70,811
Liabilities		
Lease liabilities (Note 13)	–	1,491
Trade and other payables[2] (Note 20)	–	32,741
Bank borrowings (Note 21)	–	7,027
Derivative financial instruments (Note 23)	34	–
Total	34	41,259

[1] Excludes advance to suppliers for purchase of inventories
[2] Excludes GST payables and provision for unutilised leave

NOTES TO THE FINANCIAL STATEMENTS

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33. FAIR VALUE OF ASSETS AND LIABILITIES

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 that 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 year.

(a) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

	Group	
	Significant observable inputs other than quoted prices (Level 2) $'000	**Total $'000**
As at 31 December 2022		
Financial liabilities:		
Derivative financial instruments (forward currency contracts)	**(423)**	**(423)**
As at 31 December 2021		
Financial liabilities:		
Derivative financial instruments (forward currency contracts)	(39)	(39)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) Assets and liabilities measured at fair value (cont'd)

	Company	
	Significant observable inputs other than quoted prices (Level 2) $'000	Total $'000
As at 31 December 2022		
Financial liabilities:		
Derivative financial instruments (forward currency contracts)	**(38)**	**(38)**
As at 31 December 2021		
Financial liabilities:		
Derivative financial instruments (forward currency contracts)	(34)	(34)

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

(b) Assets and liabilities that are not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the assets and liabilities not measured at fair value at the end of reporting period but for which fair value is disclosed:

	Group and Company	
	Quoted prices in active markets for identical assets (Level 1) $'000	Carrying amount $'000
As at 31 December 2022		
Assets		
Investment securities	**7,415**	**7,671**
As at 31 December 2021		
Assets		
Investment securities	8,796	8,798

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Assets and liabilities not measured at fair value

The carrying amounts of trade and other receivables, trade and other payables, bank balances and fixed deposits reasonably approximate their fair values as these are either short term in nature or are subject to normal trade credit terms.

The carrying amounts of bank borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

34. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the management.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk (cont'd)*

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which is derived based on the Group's historical information.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
- Actual or expected significant changes in the operating results of the customer
- Significant increases in credit risk on other financial instruments of the same customer
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers in the group and changes in the operating results of the customers.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the customer
- A breach of contract, such as a default or past due event
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk (cont'd)*

Trade receivables (cont'd)

	Trade receivables					
	Current $'000	Less than 3 months past due $'000	3 months to 6 months past due $'000	6 months to 12 months past due $'000	More than 12 months past due $'000	Total $'000
Company						
Singapore:						
31 December 2022						
Gross amount	**8,694**	**18,140**	**5,857**	**452**	**152**	**33,295**
Loss allowance provision	**(12)**	**(47)**	**(13)**	**(132)**	**(152)**	**(356)**
	8,682	**18,093**	**5,844**	**320**	**–**	**32,939**
31 December 2021						
Gross amount	11,541	15,617	8,264	19	159	35,600
Loss allowance provision	(13)	(34)	(12)	(1)	(159)	(219)
	11,528	15,583	8,252	18	–	35,381
Other geographical areas:						
31 December 2022						
Gross amount	**41**	**345**	**–**	**–**	**1,817**	**2,203**
Loss allowance provision	**–**	**–**	**–**	**–**	**(1,789)**	**(1,789)**
	41	**345**	**–**	**–**	**28**	**414**
31 December 2021						
Gross amount	173	592	–	323	4,056	5,144
Loss allowance provision	–	–	–	(158)	(2,493)	(2,651)
	173	592	–	165	1,563	2,493

Information regarding loss allowance movement of trade receivables are disclosed in Note 19.

During the financial year, the Group wrote off $2,534,000 (2021: $31,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from these debtors.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk (cont'd)*

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets.

– an amount of $42,296,000 (2021: $42,400,000) relating to corporate guarantees provided by the Company to banks on its subsidiaries' borrowings and other banking facilities.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk 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		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
By country:				
– Indonesia	**219**	186	**219**	186
– Malaysia	**195**	608	**195**	608
– Myanmar	**303**	2,329	**–**	1,699
– Singapore	**34,606**	33,884	**32,939**	35,381
	35,323	37,007	**33,353**	37,874
By industry sectors:				
– Trading	**390**	353	**390**	353
– Construction	**34,202**	36,090	**32,232**	36,957
– Others	**731**	564	**731**	564
	35,323	37,007	**33,353**	37,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk (cont'd)*

Credit risk concentration profiles (cont'd)

At the end of the reporting period, approximately 21% (2021: 21%) of the Group's trade receivables were due from 3 (2021: 3) major customers who are located in Singapore (2021: Singapore).

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions. In addition, the Group and Company also maintain surplus cash for future investment opportunities.

The following are the contractual maturities of financial assets and liabilities of the Group and Company at balance sheet date based on contractual undiscounted payments:

	Within one year $'000	Two to five years $'000	After five years $'000	Total $'000
Group				
As at 31 December 2022				
Financial assets:				
Trade and other receivables	35,638	–	–	35,638
Bank balances and fixed deposits	21,923	2,500	142	24,565
Investment securities	3,945	3,588	251	7,784
Total undiscounted financial assets	61,506	6,088	393	67,987
Financial liabilities:				
Trade and other payables	10,598	–	–	10,598
Derivative financial instruments	423	–	–	423
Bank borrowings	24,414	9,689	3,694	37,797
Lease liabilities	840	2,094	5,075	8,009
Total undiscounted financial liabilities	36,275	11,783	8,769	56,827
Total net undiscounted financial assets/ (liabilities)	25,231	(5,695)	(8,376)	11,160

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

	Within one year $'000	Two to five years $'000	After five years $'000	Total $'000
Group				
As at 31 December 2021				
Financial assets:				
Trade and other receivables	37,450	–	–	37,450
Bank balances and fixed deposits	35,911	–	–	35,911
Investment securities	1,232	7,527	256	9,015
Total undiscounted financial assets	74,593	7,527	256	82,376
Financial liabilities:				
Trade and other payables	19,720	–	–	19,720
Derivative financial instruments	39	–	–	39
Bank borrowings	10,232	12,881	3,157	26,270
Lease liabilities	1,318	3,014	5,353	9,685
Total undiscounted financial liabilities	31,309	15,895	8,510	55,714
Total net undiscounted financial assets/ (liabilities)	43,284	(8,368)	(8,254)	26,662
Company				
As at 31 December 2022				
Financial assets:				
Trade and other receivables	**43,915**	**–**	**–**	**43,915**
Bank balances and fixed deposits	**10,423**	**2,500**	**–**	**12,923**
Investment securities	**3,945**	**3,588**	**251**	**7,784**
Total undiscounted financial assets	**58,283**	**6,088**	**251**	**64,622**
Financial liabilities:				
Trade and other payables	**28,563**	**–**	**–**	**28,563**
Derivative financial instruments	**38**	**–**	**–**	**38**
Bank borrowings	**8,457**	**786**	**–**	**9,243**
Lease liabilities	**158**	**66**	**–**	**224**
Total undiscounted financial liabilities	**37,216**	**852**	**–**	**38,068**
Total net undiscounted financial assets	**21,067**	**5,236**	**251**	**26,554**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

	Within one year $'000	Two to five years $'000	After five years $'000	Total $'000
Company				
As at 31 December 2021				
Financial assets:				
Trade and other receivables	46,477	–	–	46,477
Bank balances and fixed deposits	15,536	–	–	15,536
Investment securities	1,232	7,527	256	9,015
Total undiscounted financial assets	63,245	7,527	256	71,028
Financial liabilities:				
Trade and other payables	32,741	–	–	32,741
Derivative financial instruments	34	–	–	34
Bank borrowings	5,891	1,230	–	7,121
Lease liabilities	628	920	–	1,548
Total undiscounted financial liabilities	39,294	2,150	–	41,444
Total net undiscounted financial assets	23,951	5,377	256	29,584

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 3 months from the balance sheet date.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2021: 50) basis points lower/higher with all other variables held constant, the Group's loss before income tax would have been approximately $125,000 lower/higher (2021: profit before income tax would have been approximately $83,000 higher/lower), arising mainly as a result of lower/higher interest expense on debt obligations with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the SGD and USD.

The Group is exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Myanmar. The Group's net investments in Malaysia and Myanmar are not hedged as currency positions in Malaysian Ringgit and USD are considered to be long-term in nature.

The Group manages foreign currency risks by monitoring the timing of the inception and settlement of foreign currency transactions and ensuring that net exposure is kept to an acceptable level. The Group uses forward currency contracts to hedge its exposure to foreign currency exchange risk.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before income tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Increase/(decrease) (Loss)/profit before income tax	
			2022	**2021**
			$'000	**$'000**
Group				
USD/SGD	–	strengthened 2% (2021: 2%)	**61**	44
	–	weakened 2% (2021: 2%)	**(61)**	(44)
MMK/SGD	–	strengthened 2% (2021: 2%)	**14**	40
	–	weakened 2% (2021: 2%)	**(14)**	(40)
Company				
USD/SGD	–	strengthened 2% (2021: 2%)	**65**	73
	–	weakened 2% (2021: 2%)	**(65)**	(73)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. CAPITAL MANAGEMENT

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 February 2023, the Group announced its plan to cease the business operations of its 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.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2023.

APPENDIX

APPENDIX DATED 4 APRIL 2023

This Appendix is circulated to Shareholders of HG Metal Manufacturing Limited (the "**Company**") together with the Company's 2022 Annual Report. Its purpose is to provide Shareholders with information on, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting to be held by way of electronic means on 26 April 2023 at 10.00 a.m.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your Shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once hand this Appendix to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Notice of Annual General Meeting and Proxy Form are enclosed with the 2022 Annual Report.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

HG METAL MANUFACTURING LIMITED
Registration Number 198802660D
(Incorporated in the Republic of Singapore)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

APPENDIX

HG METAL MANUFACTURING LIMITED
Registration Number 198802660D
(Incorporated in the Republic of Singapore)

1. INTRODUCTION

1.1 The Directors wish to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate previously approved by Shareholders on 28 April 2022 (the "**Share Purchase Mandate**").

1.2 The purpose of this Appendix, to be circulated to Shareholders together with the Company's 2022 Annual Report, is to provide Shareholders with information relating to, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting (the "**AGM**") of the Company to be held on 26 April 2023. Details of the Share Purchase Mandate, including the rationale for and the benefits to the Company, are set out in paragraph 2.2 below.

2. THE PROPOSED SHARE PURCHASE MANDATE

2.1 The Existing Share Purchase Mandate

Shareholders had approved the Share Purchase Mandate to enable all the Directors to exercise all powers of the Company to purchase or otherwise acquire such number of issued shares of the Company ("**Shares**") on the terms of the Share Purchase Mandate at the AGM of the Company held on 28 April 2022. Particulars of the Share Purchase Mandate were set out in the Appendix to the 2021 Annual Report to Shareholders dated 6 April 2022.

The Share Purchase Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the AGM of the Company to be held on 26 April 2023. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the AGM, to take effect until the next AGM of the Company. The terms of the Share Purchase Mandate which are sought to be renewed remain unchanged.

2.2 Rationale for Share Purchase Mandate

The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the three per cent. (3%) limit described in paragraph 2.4.1 below at any time, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of business, share purchase is one of the ways through which the return on equity of the Group may be enhanced.

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(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which is in excess of the financial and investment needs of the Company to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure, cash reserves and its dividend policy.

(c) The Share Purchase Mandate will provide the Company the flexibility to undertake share purchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

(d) The Share Purchase Mandate will help buffer short-term share price volatility and offset the effects of short-term share price speculation, thereby boosting Shareholders' confidence.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said three per cent. (3%) limit during the duration referred to in paragraph 2.4.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full three per cent. (3%) limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Issued Shares as at the Latest Practicable Date

As at 17 March 2023 ("**Latest Practicable Date**"), the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) is 125,297,035 Shares.

2.4 Authority and Limits on the Share Purchase Mandate

The authority and limits placed on share purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate are summarised below:

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than three per cent. (3%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (ascertained as at the date of the AGM), unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act 1967 (the "**Companies Act**"), in which

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event the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be taken to be the total number of issued Shares (excluding treasury shares and subsidiary holdings) as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the three per cent. (3%) limit.

For illustrative purposes only, on the basis of 125,297,035 Shares in issue (excluding treasury shares and subsidiary holdings) assuming that (a) no further Shares are issued on or prior to the AGM, and (b) the Company does not reduce its share capital, not more than 3,758,911 Shares (representing three per cent. (3%)) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.4.2 below.

Rationale for limit

Although Section 76B of the Companies Act permits the Company to purchase or acquire up to 20% of its Shares, the Directors, after taking into consideration the requirement in Rule 882 of the Listing Manual that share purchases may not exceed 10% of the Company's Shares (excluding treasury shares and subsidiary holdings) and the take-over implications arising from any purchase or acquisition by the Company of its Shares, would be seeking the renewal of the Share Purchase Mandate to authorise the Directors, from time to time, to purchase Shares either through market purchases or off-market purchases on an equal access scheme as defined in Section 76C of Companies Act of up to a maximum of three per cent. (3%) of the Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM at which the Share Purchase Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below).

2.4.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the AGM of the Company held on 26 April 2023, at which the Share Purchase Mandate is approved, up to:

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

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The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM or any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.4.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all of the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable) and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

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(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share buy-back;

(d) the consequences, if any, of the Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers ("**Take-over Code**") or other applicable take-over rules;

(e) whether the Share buy-back, if made, could affect the listing of the Company's equity securities on the SGX-ST;

(f) details of any Share buy-back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(g) whether the Share purchased by the Company will be cancelled or kept as treasury Shares.

2.4.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) ("**related expenses**") to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and is deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

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2.5 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

2.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

2.6.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

2.6.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.6.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

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(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.7 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchases including the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases and such other information as required by the Companies Act.

Rule 886(1) of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the closing of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall include details of the total number of Shares authorised for purchase, the date of purchase, prices paid for the total number of Shares purchased, the purchase price per Share or the highest and lowest purchase price per Share and the number of issued Shares excluding treasury shares after purchase, in the form prescribed under the Listing Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

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(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.8 Source of Funds

The Company may only apply funds for the purchase or acquisition of the Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate.

2.9 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the Net tangible assets ("**NTA**") and Earnings per Share ("**EPS**") as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued share capital will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. For the purposes of the Share Purchase Mandate, it is intended that purchases or acquisitions of the Shares by the Company, if any, will be made out of the Company's capital and the foregoing has been assumed in the preparation of the financial effects illustrated below.

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The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view to enhance the earnings and/or the NTA value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the unaudited financial statements of the Group for the financial year ended 31 December 2022 are based on the assumptions set out below:

(a) based on 125,297,035 Shares in issue (excluding treasury shares and subsidiary holdings) and assuming that (i) no further Shares are issued, and (ii) no Shares are held by the Company as treasury shares on or prior to the AGM, not more than 3,758,911 Shares (representing three per cent. (3%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 3,758,911 Shares at the Maximum Price of S$0.3602 for one (1) Share (being the price equivalent to five per cent. (5%) above the Average Closing Price of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 3,758,911 Shares (excluding related expenses) is approximately S$1,353,960; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 3,758,911 Shares at the Maximum Price of S$0.4116 for one (1) Share (being the price equivalent to twenty per cent. (20%) above the Average Closing Price of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 3,758,911 Shares (excluding related expenses) is approximately S$1,547,168.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and/or external borrowings, (ii) the Share Purchase Mandate had been effective on 1 January 2022, and (iii) the Company had purchased or acquired the 3,758,911 Shares (representing three per cent. (3%)) of its issued ordinary share capital at the Latest Practicable Date, the financial effects of the purchase or acquisition of the 3,758,911 Shares by the Company pursuant to the Share Purchase Mandate:

(i) by way of purchases made entirely out of capital and held as treasury shares; and

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(ii) by way of purchases made entirely out of capital and cancelled, or as summarised for ease of reference in the following table:

	Purchased out of:	Type of purchase	Held as Treasury Shares or Cancelled	Maximum Price per Share (S$)
1(A)	Capital	Market Purchase	Held as treasury shares	0.3602
1(B)	Capital	Off-Market Purchase	Held as treasury shares	0.4116
2(A)	Capital	Market Purchase	Cancelled	0.3602
2(B)	Capital	Off-Market Purchase	Cancelled	0.4116

on the unaudited financial statements of the Group for the financial year ended 31 December 2022, are set out below:

(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

	Group Before Share Purchase S$'000	Group After Share Purchase S$'000	Company Before Share Purchase S$'000	Company After Share Purchase S$'000
As at 31 December 2022				
Share capital	70,496	70,496	70,496	70,496
Capital and other reserve	3,003	3,003	2,527	2,527
Retained earnings	34,388	34,388	(3,541)	(3,541)
	107,887	107,887	69,482	69,482
Treasury shares	(3,034)	(4,388)	(3,034)	(4,388)
Shareholders' fund	104,853	103,499	66,448	65,094
Net tangible assets	104,615	103,261	66,303	64,949
Minority interests	(1,790)	(1,790)	–	–
Current assets	121,667	120,313	81,508	80,154
Current liabilities	36,857	36,857	38,218	38,218
Working capital	84,810	83,456	43,290	41,936
Number of issued shares	125,297,035	121,538,124	125,297,035	121,538,124
Weighted average number of shares	125,375,785	121,616,874	125,375,785	121,616,874
Financial ratios				
Net tangible assets/Share (S$)	0.83	0.85	0.53	0.53
Current ratio (times)	3.30	3.26	2.13	2.10
Earnings per Share (cents)	(0.42)	(0.43)	2.52	2.60

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(B) Off-Market Purchases

	Group Before Share Purchase S$'000	Group After Share Purchase S$'000	Company Before Share Purchase S$'000	Company After Share Purchase S$'000
As at 31 December 2022				
Share capital	70,496	70,496	70,496	70,496
Capital and other reserve	3,003	3,003	2,527	2,527
Retained earnings	34,388	34,388	(3,541)	(3,541)
	107,887	107,887	69,482	69,482
Treasury shares	(3,034)	(4,581)	(3,034)	(4,581)
Shareholders' fund	104,853	103,306	66,448	64,901
Net tangible assets	104,615	103,068	66,303	64,756
Minority interests	(1,790)	(1,790)	–	–
Current assets	121,667	120,120	81,508	79,961
Current liabilities	36,857	36,857	38,218	38,218
Working capital	84,810	83,263	43,290	41,743
Number of issued shares	125,297,035	121,538,124	125,297,035	121,538,124
Weighted average number of shares	125,375,785	121,616,874	125,375,785	121,616,874
Financial ratios				
Net tangible assets/Share (S$)	0.83	0.85	0.53	0.53
Current ratio (times)	3.30	3.26	2.13	2.09
Earnings per Share (cents)	(0.42)	(0.43)	2.52	2.60

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(2) ***Purchases made entirely out of capital and cancelled***

(A) Market Purchases

	Group Before Share Purchase S$'000	Group After Share Purchase S$'000	Company Before Share Purchase S$'000	Company After Share Purchase S$'000
As at 31 December 2022				
Share capital	67,462	66,108	67,462	66,108
Capital and other reserve	3,003	3,003	2,527	2,527
Retained earnings	34,388	34,388	(3,541)	(3,541)
Shareholders' fund	104,853	103,499	66,448	65,094
Net tangible assets	104,615	103,261	66,303	64,949
Minority interests	(1,790)	(1,790)	–	–
Current assets	121,667	120,313	81,508	80,154
Current liabilities	36,857	36,857	38,218	38,218
Working capital	84,810	83,456	43,290	41,936
Number of issued shares	125,297,035	121,538,124	125,297,035	121,538,124
Weighted average number of shares	125,375,785	121,616,874	125,375,785	121,616,874
Financial ratios				
Net tangible assets/Share (S$)	0.83	0.85	0.53	0.53
Current ratio (times)	3.30	3.26	2.13	2.10
Earnings per Share (cents)	(0.42)	(0.43)	2.52	2.60

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(B) **Off-Market Purchases**

	Group Before Share Purchase S$'000	Group After Share Purchase S$'000	Company Before Share Purchase S$'000	Company After Share Purchase S$'000
As at 31 December 2022				
Share capital	67,462	65,915	67,462	65,915
Capital and other reserve	3,003	3,003	2,527	2,527
Retained earnings	34,388	34,388	(3,541)	(3,541)
Shareholders' fund	104,853	103,306	66,448	64,901
Net tangible assets	104,615	103,068	66,303	64,756
Minority interests	(1,790)	(1,790)	–	–
Current assets	121,667	120,120	81,508	79,961
Current liabilities	36,857	36,857	38,218	38,218
Working capital	84,810	83,263	43,290	41,743
Number of issued shares	125,297,035	121,538,124	125,297,035	121,538,124
Weighted average number of shares	125,375,785	121,616,874	125,375,785	121,616,874
Financial ratios				
Net tangible assets/Share (S$)	0.83	0.85	0.53	0.53
Current ratio (times)	3.20	3.26	2.13	2.09
Earnings per Share (cents)	(0.42)	(0.43)	2.52	2.60

Shareholders should note that the financial effects set out above are purely for illustrative purposes only based on the abovementioned assumptions. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to three per cent. (3%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as determined in accordance with the applicable provisions of the Companies Act, the Company may not necessarily purchase or be able to purchase the entire three per cent. (3%) of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications in their respective jurisdictions should consult their own professional advisers.

2.10 **Take-over Implications**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

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2.10.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.10.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

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(g) partners; and

(h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(a) the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more; or

(b) in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(i) the voting rights of such Shareholder would increase to thirty per cent. (30%) or more; or

(ii) if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months.

Such Shareholders need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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2.10.4 Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the buy-back of three per cent. (3%) Shares by the Company pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

2.11 Taxation

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

2.12 Listing Rules

While the Listing Rules do not expressly prohibit purchase of Shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued Shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time the price-sensitive information has been publicly announced. In particular, pursuant to Listing Rule 1207(19)(c), the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's half-yearly and annual results; and

(b) should the Company be required to issue quarterly results, two (2) weeks immediately preceding the announcement of the Company's quarterly results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of its Shares are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 73,763,378 Shares, representing approximately 58.87% of the issued Shares (excluding treasury shares and subsidiary holdings), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full three per cent. (3%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 70,004,467 Shares, representing approximately 57.60% of the reduced total number of issued

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Shares (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full three per cent. (3%) limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of the Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.13 Previous Share Purchases

Information of the share buybacks carried out by the Company during the 12-month period preceding the Latest Practicable Date is set out below.

Date of Transaction	Type of Transaction	Total Number of Shares Acquired	Price Paid per Share (S$)	Highest Price per Share (S$)	Lowest Price per Share (S$)	Total Consideration (S$)
30 Mar 2022	Market Purchase	115,000	–	0.415	0.41	47,672.68
31 Mar 2022	Market Purchase	105,000	0.415	–	–	43,687.27
1 Apr 2022	Market Purchase	95,000	0.42	–	–	40,002.84

3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on information in the Register of Directors maintained by the Company, as at the Latest Practicable Date, the number of Shares in which the Directors have an interest, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	(%)[1]	Number of Shares	(%)[1]
Kesavan Nair	–	–	–	–
Foo Sey Liang	–	–	28,405,000[2]	22.67
Ng Weng Sui Harry	10,000	0.01	–	–
Ng Kate Jain	–	–	–	–

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding treasury shares and subsidiary holdings) comprising 125,297,035 Shares as at the Latest Practicable Date.

(2) Foo Sey Liang is deemed to be interested in the 28,405,000 Shares held by Flame Gold International Limited, by virtue of Section 7 of the Companies Act.

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Based on information in the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date, the Substantial Shareholders and the number of Shares in which they have an interest are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	(%)[1]	Number of Shares	(%)[1]	Number of Shares	(%)[1]
Flame Gold International Limited	28,405,000	22.67	–	–	28,405,000	22.67
Foo Sey Liang	–	–	28,405,000[2]	22.67	28,405,000	22.67
Rise Capital Ventures Ltd	8,010,000	6.39	–	–	8,010,000	6.39
Aung Tin Htut	–	–	8,010,000[3]	6.39	8,010,000	6.39
Regroup Holdings Pte. Ltd.	8,608,657	6.87	–	–	8,608,657	6.87
Aye Ko Ko	6,500,000	5.19	–	–	6,500,000	5.19

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding treasury shares and subsidiary holdings) comprising 125,297,035 Shares as at the Latest Practicable Date.

(2) Foo Sey Liang is deemed to be interested in the 28,405,000 Shares held by Flame Gold International Limited, by virtue of Section 7 of the Act.

(3) Aung Tin Htut is deemed to be interested in the 8,010,000 Shares held by Rise Capital Ventures Ltd by virtue of Section 7 of the Act.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wish to vote must submit their proxy forms in advance and appoint "**Chairman of the Meeting**" as their proxy.

(i) Shareholders (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in proxy form, failing which the appointment will be treated as invalid.

(ii) The proxy form must be submitted in the following manner:

(a) if submitted by post, be deposited at the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484; or

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(b) if submitted by email, the proxy form must be sent to gpb@mncsingapore.com,

(c) Via the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023.

in each case, by 10.00 a.m. on 24 April 2023 (the "**Proxy Deadline**").

Shareholders who wish to 'submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 28 Jalan Buroh, Singapore 619484 during normal business hours from the date of this Appendix up to the date of the forthcoming AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2022; and

(b) the Constitution of the Company.

Yours faithfully

For and on behalf of
the Board of Directors of
HG Metal Manufacturing Limited

Foo Sey Liang
Executive Director
Singapore

SHAREHOLDINGS STATISTICS

AS AT 17 MARCH 2023

Number of Shares	– 125,297,035 (excluding treasury shares)
Treasury Shares	– 5,314,330
Subsidiary Holdings Held	– Nil
Class of Shares	– Ordinary Shares
Voting Rights	– On a show of hands: 1 vote
	– On a poll: 1 vote for each ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	477	12.22	22,339	0.02
100 – 1,000	640	16.40	408,378	0.31
1,001 – 10,000	2,153	55.16	8,899,081	6.81
10,001 – 1,000,000	617	15.81	32,072,061	24.56
1,000,001 and above	16	0.41	89,209,506	68.30
	3,903	100.00	130,611,365#	100.00

This number include 5,314,330 treasury shares.

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 17 March 2023 the percentage of shareholdings held in the hands of the public was approximately 58.87% and Rule 723 of the Listing Manual is complied with.

TOP 20 SHAREHOLDERS LIST

S/No	Name of Shareholder	Number of Shares	%*
1	UOB Kay Hian Pte Ltd	39,179,957	31.27
2	Rise Capital Ventures Limited	8,010,000	6.39
3	Aye Ko Ko	6,500,000	5.19
4	Ng Joo Yow	4,758,900	3.80
5	Chua Sze Bok	4,546,100	3.63
6	Daiwa Capital Markets Singapore Limited	3,638,800	2.90
7	Tan Nah	3,600,000	2.87
8	Htay Htay Naing	3,549,100	2.83
9	DBS Nominees Pte Ltd	2,226,836	1.78
10	Phillip Securities Pte Ltd	1,829,822	1.46
11	IFast Financial Pte Ltd	1,519,629	1.21
12	Ang Gim Teck	1,442,100	1.15
13	ABN Amro Clearing Bank N.V.	1,051,900	0.84
14	Ang Gim Thian	1,036,600	0.83
15	Citibank Nominees Singapore Pte Ltd	1,005,432	0.80
16	Ong Chee Khoon	910,000	0.73
17	Maybank Securities Pte. Ltd.	805,723	0.64
18	CGS-CIMB Securities (Singapore) Pte Ltd	735,365	0.59
19	Sia Ling Sing	723,000	0.58
20	Lew Wing Kit	713,300	0.57
		87,782,564	70.06

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 17 March 2023 of 125,297,035 shares (which excludes 5,314,330 shares which are held as treasury shares representing approximately 4.24% of the total number of issued shares excluding treasury shares and subsidiary holdings).

SHAREHOLDINGS STATISTICS

AS AT 17 MARCH 2023

Any discrepancies in this Annual Report between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Annual Report may not be an arithmetic aggregation of the figures which precede them.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholder	**No. of Shares**	**Percentage (%)[1]**	**No. of Shares**	**Percentage (%)[1]**
Flame Gold International Limited	28,405,000	22.67	–	–
Foo Sey Liang	–	–	28,405,000[2]	22.67
Rise Capital Ventures Ltd	8,010,000	6.39	–	–
Aung Tin Htut	–	–	8,010,000[3]	6.39
Regroup Holdings Pte. Ltd.	8,608,657	6.87	–	–
Aye Ko Ko	6,500,000	5.19	–	–

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding treasury shares and subsidiary holdings) comprising 125,297,035 Shares as at the Latest Practicable Date.

(2) Foo Sey Liang is deemed to be interested in the 28,405,000 Shares held by Flame Gold International Limited, by virtue of Section 7 of the Act.

(3) Aung Tin Htut is deemed to be interested in the 8,010,000 Shares held by Rise Capital Ventures Ltd by virtue of Section 7 of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of HG Metal Manufacturing Limited (the "**Company**") will be held by way of electronic means on Wednesday, 26 April 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon. (Resolution 1)

2. To declare a final tax-exempt (one-tier) dividend of 2.5 Singapore cents (S$0.025) per ordinary share for the financial year ended 31 December 2022. (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to the Company's Constitution:

   Mr Foo Sey Liang (Regulation 89) *[See explanatory note (i)]* (Resolution 3)

   Mr Ng Weng Sui Harry (Regulation 89) *[See explanatory note (ii)]* (Resolution 4)

4. To approve the payment of Directors' fees of S$207,567 for the financial year ended 31 December 2022 (previous financial year: S$246,496). (Resolution 5)

5. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an AGM.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may at their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraphs (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury Shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed;

   (b) new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] (Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

8. **Renewal of the Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary Shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier;

(c) in this Ordinary Resolution:

"**Maximum Limit**" means that number of issued Shares representing three per cent. (3%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of Shares as altered (excluding any treasury Shares and subsidiary holdings that may be held by the Company from time to time);

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[See Explanatory Note (iv)] (Resolution 8)

By Order of the Board

Wee Woon Hong
Sim Yok Teng
Company Secretaries
Singapore
4 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Foo Sey Liang will, upon re-election as a Director of the Company, remain as an Executive Director. Detailed information of Mr Foo Sey Liang pursuant to Rule 720(6) of the Listing Manual can be found on pages 83 to 85 in the Annual Report 2022.

(ii) Mr Ng Weng Sui Harry will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director and Chairman of the Audit & Risk Committee and a member of the Nominating Committee and Remuneration Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual in accordance with the Code of Corporate Governance 2018. Detailed information of Mr Ng Weng Sui Harry pursuant to Rule 720(6) of the Listing Manual can be found on pages 83 to 85 in the Annual Report 2022.

(iii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to shareholders.

(iv) The Ordinary Resolution 8 seeks to renew the share purchase mandate to enable the Directors of the Company to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary Shares fully paid in the capital of the Company not exceeding in aggregate the Maximum Limit (as defined in the mandate). Details of the terms of the mandate are set out in the Appendix to the 2022 Annual Report of the Company.

Notes:

The AGM is being convened, and will be held, by electronic means. The Company will not accept any physical attendance by members and any member seeking to attend the AGM physically in person will be turned away.

Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members. Instead, these documents will be made available to members solely by electronic means via publication on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements).

Alternative arrangements relating to members' participation at the AGM are:

a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);

b) submitting questions in advance of, or "live" at, the AGM, in relation to the resolutions set out in the Notice of AGM; and

c) voting at the AGM (a) "live" by the members themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (b) by appointing the Chairman of the AGM as proxy to attend and vote on their behalf at the AGM.

Members will be able to participate in the AGM in the following manner set out in the paragraphs below.

Pre-registration

The Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on **Wednesday, 26 April 2023 at 10.00 a.m.** in place of the physical AGM. Members will be able to observe and/or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via their mobile phones, tablets, computers or any such electronic device, submit questions in advance of, or "live" at, the AGM and vote at the AGM (i) "live" by the members themselves or their duly appointed proxies (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. To do so, they will need to complete the following steps.

a) Members (including, where applicable, their appointed proxies), including investors who hold shares under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme ("**CPF and SRS Investors**"), who wish to follow the proceedings of the AGM must pre-register for access to the Live AGM Webcast or the Live AGM Audio Feed at the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023 by **10.00 a.m. on 24 April 2023** (the "**Registration Deadline**") to enable the Company to verify their status.

b) Following the verification and upon the closure of pre-registration, authenticated members (including CPF and SRS Investors) and where applicable, appointed proxies, who have pre-registered via the pre-registration website will receive a confirmation email by **10.00 a.m. on 25 April 2023** via the e-mail address provided during pre-registration or as indicated in the Proxy Form.

c) Members will be able to access the Live AGM Webcast or the Live AGM Audio Feed with the instructions provided in the confirmation email. Members are reminded that the AGM proceedings are private. Accordingly, members must not share their login credentials to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

d) Members (including CPF and SRS Investors) and, where applicable, appointed proxies, who do not receive the confirmation email by **10.00 a.m. on 25 April 2023**, but have registered by the Registration Deadline, may contact the Company by email at gpb@mncsingapore.com and provide their full name and identification/registration number.

e) Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (other than CPF and SRS Investors), and who wish to participate in the AGM, should contact their respective relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions

a) Members, including CPF and SRS Investors, can submit substantial and relevant questions relating to the resolutions set out in the Notice of AGM in advance of, or "live" at, the AGM.

b) Submission of substantial and relevant questions in advance of the AGM:

Members, including CPF and SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner:

(i) by email to agm@hgmetal.com; or

(ii) by post to the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484.

Members, including CPF and SRS Investors, who wish to submit their questions via email or by post are required to indicate their full names (for individuals)/company names (for corporates), NRIC/passport number/company registration numbers, contact numbers, shareholding types and number of shares held together with their submission of questions, to the office address or email address provided. Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (excluding CPF and SRS Investors) should contact their respective relevant intermediaries through which they hold such Shares to submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

All questions submitted in advance of the AGM via any of the above channels must be received by **5.00 p.m. on 12 April 2023**.

*Ask questions "live"at the AGM not allowed via the audio only stream of the AGM proceedings.

c) Members (including CPF and SRS Investors) and, where applicable, appointed proxies, can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, "live" at the AGM, by typing in and submitting their questions via the online platform hosting the Live AGM Webcast and the Live AGM Audio Feed. Members (including CPF and SRS Investors) and, where applicable, appointed proxies, who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023 by the Registration Deadline.

d) The Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to such questions on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements) on **21 April 2023**. The Company will address those substantial and relevant questions which have not already been addressed, as well as those received "live" at the AGM itself, during the AGM through the Live AGM Webcast and the Live AGM Audio Feed. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

e) The Company will publish the minutes of the AGM on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements) within one (1) month after the date of its AGM held.

Voting

a) Members who wish to exercise their voting rights at the AGM may:

(i) (where such members are individuals) vote "live" via electronic means at the AGM or (where such members are individuals or corporates) appoint proxies (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf;

(ii) (where such members are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM; or

(iii) Members (including CPF and SRS Investors) and, where applicable, appointed proxies, who wish to vote "live" at the AGM must first pre-register at the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023.

*For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.

*Voting "live" at the AGM not allowed via the audio only stream of the AGM proceedings.

b) Members who wish to submit Proxy Forms (duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority, failing previous registration with the Company) must do so in the following manner:

(i) by email to gpb@mncsingapore.com;

(ii) by post to the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484; or

(iii) via the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023,

in each case, by **10.00 a.m. on 24 April 2023** (being not less than forty-eight (48) hours before the time appointed for holding the AGM).

A member who wishes to submit a Proxy Form appointing a proxy(ies) by post or via email can download a copy of the Proxy Form on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements), and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

NOTICE OF ANNUAL GENERAL MEETING

The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

c) Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF or SRS Investors:

(i) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective relevant intermediaries (including CPF and SRS Operators), and should contact their respective relevant intermediaries (including CPF and SRS Operators) if they have any queries regarding their appointment as proxies; or

(ii) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective relevant intermediaries (including CPF and SRS Operators) to submit their votes at least seven (7) business days before the AGM (i.e. by **10.00 a.m. on 17 April 2023**), to enable their respective relevant intermediaries to in turn submit the proxy forms to appoint the Chairman of the AGM to vote on their behalf by **10.00 a.m. on 24 April 2023**.

d) A proxy need not be a member of the Company. The Chairman of the AGM, as proxy, need not be a member of the Company. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (such as in the case where the appointor submits more than one Proxy Form). If no specific direction as to voting is given in respect of a resolution, the appointed proxy/proxies will vote or abstain from voting at his/her/their discretion. If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

e) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

f) Completion and return of the proxy form shall not preclude a member from attending, speaking and voting at the AGM. A member who wishes to access the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) by email to gpb@mncsingapore.com by **5.00 p.m.** on **24 April 2023** and, in such an event, the Company reserves the right to terminate the proxy(ies') access to the AGM proceedings.

Documents

The Annual Report, Notice of AGM, and Proxy Form will be made available to members solely by electronic means via publication on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements). Printed copies of these documents will not be sent to members.

IMPORTANT NOTICE

Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

HG METAL MANUFACTURING LIMITED
Registration Number 198802660D
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The AGM will be held by way of electronic means.
2. Central Provident Fund Investment Scheme ("**CPF Investor**") and Supplementary Retirement Scheme ("**SRS Investor**"): (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF and SRS operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF and SRS operators to submit their votes by **10.00 a.m. on 17 April 2023**.
3. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ (Name) ______________________________ (NRIC/Passport No.)

of ____ (Address)
being a member/members of HG Metal Manufacturing Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Email address	Proportion of Shareholdings	
			No. of Shares	%
Address				

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Email address	Proportion of Shareholdings	
			No. of Shares	%
Address				

or if no proxy is named, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on Wednesday, 26 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

All resolutions put to the vote at the AGM shall be decided by way of poll.

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2	Approval of a final tax-exempt (one-tier) dividend of 2.5 Singapore cents (S$0.025) per ordinary share for the financial year ended 31 December 2022			
3	Re-election of Mr Foo Sey Liang as a Director			
4	Re-election of Mr Ng Weng Sui Harry as a Director			
5	Approval of Directors' fees amounting to S$207,567 for the financial year ended 31 December 2022			
6	Re-appointment of Ernst & Young LLP as Auditors			
7	Authority to issue shares and convertible securities pursuant to Section 161 of the Companies Act 1967			
8	Renewal of the Share Purchase Mandate			

Dated this ________ day of ____________________ 2023

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.

2. Members who wish to exercise their voting rights at the AGM may:

   (a) (where such members are individuals) vote "live" via electronic means at the AGM or (where such members are individuals or corporates) submit this Proxy Form to appoint proxies (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf;

   (b) (where such members are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM; or

   (c) Members (including CPF or SRS Investors) and, where applicable, appointed proxies, who wish to vote "live" at the AGM must first pre-register at the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023.

   *For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf. This proxy form may be downloaded on the Company website (http://hgmetal.listedcompany.com/newsroom.html) and the SGXNET (https://www.sgx.com/securities/company-announcements).

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form; and

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

4. A proxy need not be a member of the Company.

5. This proxy form, duly executed, must be submitted to the Company in the following manner:

   (i) by email to gpb@mncsingapore.com;

   (ii) by post to the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484; or

   (iii) via the pre-registration website at https://hgmetalagm.gm-suite.com/agm-2023,

   in each case, by **10.00 a.m. on 24 April 2023** (being not less than forty-eight (48) hours before the time appointed for holding the AGM).

6. Completion and return of the proxy form shall not preclude a member from attending, speaking and voting at the AGM. A member who wishes to access the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) by email to gpb@mncsingapore.com by **5.00 p.m.** on **24 April 2023** and, in such an event, the Company reserves the right to terminate the proxy(ies') access to the AGM proceedings.

7. This proxy form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

8. Where this proxy form is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this proxy form, failing which this proxy form may be treated as invalid.

9. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.

10. Persons who hold shares through relevant intermediaries (including CPF and SRS Investors) and wish to exercise their votes: (a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective relevant intermediaries (which would include CPF and SRS operators), and should contact their respective relevant intermediaries if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective relevant intermediaries (which would include CPF and SRS operators) to submit their votes at least seven (7) business days before the AGM (i.e. by **10.00 a.m. on 17 April 2023**), to enable their respective relevant intermediaries to in turn submit the proxy forms to appoint the Chairman of the AGM to vote on their behalf by **10.00 a.m. on 24 April 2023**.

11. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2023.

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