



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

Condensed Interim Financial Statements
for the Six Months and Full Year Ended 31 December 2023



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HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

	Note	Group			Group			
		6 months	6 months		12 months	12 months		
		ended 31	ended 31		ended 31	ended 31		
		December	December	%	December	December	%	
			2023	2022		2023	2022	%
			S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)
Continuing operations								
Revenue	7		83,457	70,605	18	149,755	152,617	(2)
Cost of sales			(74,776)	(64,771)	15	(136,968)	(132,113)	4
Gross profit			8,681	5,834	49	12,787	20,504	(38)
Gross margin			10.4%	8.3%		8.5%	13.4%	
Other operating income			401	298	35	951	2,267	(58)
Selling and distribution costs			(599)	(195)	207	(862)	(344)	151
Administrative expenses			(3,371)	(4,294)	(21)	(7,437)	(10,306)	(28)
Other operating expenses			(1,883)	(2,776)	(32)	(4,227)	(5,045)	(16)
Finance costs			(353)	(875)	(60)	(987)	(1,366)	(28)
Impairment loss on financial assets			(2)	(107)	(98)	(80)	(236)	(66)
Profit/(loss) before income tax from continuing operations	8		2,874	(2,115)	nm*	145	5,474	nm*
Income tax credit/(expense)	11		318	693	(54)	308	(530)	(158)
Net Profit/(loss) for the year from continuing operations			3,192	(1,422)	nm*	453	4,944	nm*
Discontinued operations								
Net loss for the year after tax from discontinued operations	10		(1,219)	(10,834)	nm*	(2,224)	(10,719)	nm*
Net profit/(loss) for the year			1,973	(12,256)	nm*	(1,771)	(5,775)	nm*
Profit/(loss) attributable to:								
Owners of the Company								
Profit/(loss) from continuing operations			3,192	(1,422)	nm*	453	4,944	nm*
Loss from discontinued operations			(957)	(5,530)	nm*	(1,471)	(5,471)	nm*
			2,235	(6,952)	nm*	(1,018)	(527)	nm*
Non-controlling interests								
Loss from discontinued operations			(262)	(5,304)	nm*	(753)	(5,248)	nm*
			(262)	(5,304)	nm*	(753)	(5,248)	nm*

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Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group			Group			
	6 months	6 months		12 months	12 months		
	ended 31	ended 31		ended 31	ended 31		
	December	December	%	December	December	%	
	2023	2022		2023	2022		
	S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)	
Net Profit/(loss) for the year	1,973	(12,256)	nm*	(1,771)	(5,775)	(69)	
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation	152	26	nm*	33	162	nm*	
Other comprehensive (loss)/income for the year,	152	26	nm*	33	162	nm*	
Total comprehensive income/(loss) for the year	2,125	(12,230)	nm*	(1,738)	(5,613)	nm*	
Total comprehensive income attributable to:							
Owners of the Company							
Profit/(loss) from continuing operations	3,209	(1,432)	nm*	406	4,861	nm*	
Loss from discontinued operations	(888)	(5,512)	nm*	(1,430)	(5,346)	nm*	
	2,321	(6,944)	nm*	(1,024)	(485)	nm*	
Non-controlling interests							
Loss from discontinued operations	(196)	(5,286)	nm*	(714)	(5,128)	nm*	
	(196)	(5,286)	nm*	(714)	(5,128)	nm*	
Earnings per share:							
Basic (cents)							
Profit/(loss) from continuing operations	12	2.28	(1.13)	nm*	0.34	3.94	nm*
Loss from discontinued operations	12	(0.68)	(4.41)	nm*	(1.11)	(4.36)	nm*
Diluted (cents)							
Profit/(loss) from continuing operations	12	2.28	(1.13)	nm*	0.34	3.94	nm*
Loss from discontinued operations	12	(0.68)	(4.41)	nm*	(1.11)	(4.36)	nm*

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Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	13	19,423	21,723	4,510	4,329
Right-of-use assets		6,034	8,195	47	176
Intangible assets	14	163	238	154	145
Investment in subsidiaries		-	-	13,028	13,028
Investment securities		250	3,810	250	3,810
Fixed deposits pledged with banks		-	2,500	-	2,500
Restricted deposits		142	142	-	-
		26,012	36,608	17,989	23,988
Current assets					
Investment securities		3,560	3,861	3,560	3,861
Cash and cash equivalents		18,882	15,407	10,758	7,923
Fixed deposits pledged with banks		10,250	6,516	6,250	2,500
Inventories		24,228	58,851	5,000	23,030
Trade and other receivables	15	50,383	36,578	49,770	44,062
Income tax recoverable		-	139	-	-
Prepaid expenses		215	315	65	132
		107,518	121,667	75,403	81,508
Assets held for sale	10	3,528	-	-	-
Total assets		137,058	158,275	93,392	105,496
Current liabilities					
Lease liabilities		537	600	29	155
Trade and other payables	16	10,422	11,474	22,073	29,359
Bank borrowings	19	2,064	23,621	413	8,425
Provision for income tax		14	498	-	-
Provision for reinstatement costs		-	241	-	241
Derivative financial instruments*	17	314	423	201	38
		13,351	36,857	22,716	38,218
Net current assets		97,695	84,810	52,687	43,290
Non-current liabilities					
Lease liabilities		4,865	5,253	35	64
Bank borrowings	19	6,668	11,556	353	766
Deferred tax liabilities		631	574	-	-
Provision for reinstatement costs		1,572	972	-	-
		13,736	18,355	388	830
Liabilities directly associated with the assets held for sale	10	4,811	-	-	-
Total liabilities		31,898	55,212	23,104	39,048
Net assets		105,160	103,063	70,288	66,448
Equity attributable to owners of the Company					
Share capital	21	77,463	70,496	77,463	70,496
Treasury shares		(3,034)	(3,034)	(3,034)	(3,034)
Other reserves		2,997	3,003	2,527	2,527
Accumulated profits/(losses)		30,238	34,388	(6,668)	(3,541)
		107,664	104,853	70,288	66,448
Non-controlling interests		(2,504)	(1,790)	-	-
Total equity		105,160	103,063	70,288	66,448
Total equity and liabilities		137,058	158,275	93,392	105,496

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

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Condensed interim statements of changes in equity

Group	Attributable to owners of the Company								
	Share capital	Treasury shares	Capital reserve	Premium paid on acquisition of non-controlling interest	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2023	70,496	(3,034)	2,527	(212)	688	34,388	104,853	(1,790)	103,063
Loss for the year	-	-	-	-	-	(1,018)	(1,018)	(753)	(1,771)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	(6)	-	(6)	39	33
Other comprehensive income for the year, net of tax	-	-	-	-	(6)	-	(6)	39	33
Total comprehensive loss for the year	-	-	-	-	(6)	(1,018)	(1,024)	(714)	(1,738)
<u>Contribution by and distributions to owners</u>									
Issuance of ordinary shares	6,967	-	-	-	-	-	6,967	-	6,967
Dividend on ordinary shares	-	-	-	-	-	(3,132)	(3,132)	-	(3,132)
Total contribution by and distributions to owners	6,967	-	-	-	-	(3,132)	3,835	-	3,835
Total transactions with owners in their capacity as owners	6,967	-	-	-	-	(3,132)	3,835	-	3,835
At 31 December 2023	77,463	(3,034)	2,527	(212)	682	30,238	107,664	(2,504)	105,160

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

Group	Attributable to owners of the Company								
	Share capital	Treasury shares	Capital reserve	Premium paid on acquisition of non-controlling interest	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	70,496	(2,636)	2,527	(212)	646	39,927	110,748	3,338	114,086
Loss for the year	-	-	-	-	-	(527)	(527)	(5,248)	(5,775)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	42	-	42	120	162
Other comprehensive income for the year, net of tax	-	-	-	-	42	-	42	120	162
Total comprehensive income for the year	-	-	-	-	42	(527)	(485)	(5,128)	(5,613)
<u>Contribution by and distributions to owners</u>									
Purchase of treasury shares	-	(398)	-	-	-	-	(398)	-	(398)
Dividends on ordinary shares	-	-	-	-	-	(5,012)	(5,012)	-	(5,012)
Total contribution by and distributions to owners	-	(398)	-	-	-	(5,012)	(5,410)	-	(5,410)
Total transactions with owners in their capacity as owners	-	(398)	-	-	-	(5,012)	(5,410)	-	(5,410)
At 31 December 2022	70,496	(3,034)	2,527	(212)	688	34,388	104,853	(1,790)	103,063

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

<u>Company</u>	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2023	70,496	(3,034)	2,527	(3,541)	66,448
Profit for the year, representing total comprehensive loss for the year	-	-	-	5	5
<u>Contributions by and distributions to owners</u>					
Issuance of ordinary shares	6,967	-	-	-	6,967
Dividend on ordinary shares	-	-	-	(3,132)	(3,132)
Total transactions by and distributions to owners	6,967	-	-	(3,132)	3,835
Total transactions with owners in their capacity as owners	6,967	-	-	(3,132)	3,835
At 31 December 2023	77,463	(3,034)	2,527	(6,668)	70,288
At 1 January 2022	70,496	(2,636)	2,527	(1,689)	68,698
Profit for the year, representing total comprehensive income for the year	-	-	-	3,160	3,160
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(398)	-	-	(398)
Dividends on ordinary shares	-	-	-	(5,012)	(5,012)
Total transactions by and distributions to owners	-	(398)	-	(5,012)	(5,410)
Total transactions with owners in their capacity as owners	-	(398)	-	(5,012)	(5,410)
At 31 December 2022	70,496	(3,034)	2,527	(3,541)	66,448

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

Condensed interim consolidated statement of cash flows

	Group		Group	
	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before income tax from continuing operations	2,874	(2,115)	145	5,474
Loss before income tax from discontinued operations	(1,219)	(10,834)	(2,167)	(10,719)
	1,655	(12,949)	(2,022)	(5,245)
Adjustments for:				
Bad debts write off/(recovered)	-	-	28	(1)
Depreciation of property, plant and equipment	954	2,053	2,093	3,540
Depreciation of right-of-use assets	781	554	1,251	1,320
Amortisation of intangible assets	16	16	34	32
Gain on disposal of property, plant and equipment	(117)	(84)	(183)	(91)
Gain on modification of lease	-	(336)	-	(336)
Write-off of intangible assets	1	-	63	-
Write-off of property, plant and equipment	-	1	-	5
Impairment of property, plant and equipment	-	7,813	-	7,813
Impairment of ROU assets	-	997	-	997
(Write back)/write-down of inventories	(439)	99	557	99
Impairment loss on financial assets	203	1,041	268	1,212
Fair value loss/(gain) on derivatives, net	446	915	(109)	384
Finance costs	519	1,109	1,324	1,765
Interest income	(209)	(117)	(413)	(185)
Unrealised foreign exchange (gain)/loss, net	(4)	(711)	187	(226)
Operating cash flow before changes in working capital	3,806	401	3,078	11,083
Working capital changes:				
Restricted deposits	-	642	-	642
Inventories	(1,254)	(8,799)	33,482	(13,583)
Trade and other receivables	(11,760)	6,384	(14,118)	(207)
Prepaid expenses	513	108	95	(99)
Trade and other payables	4,975	(1,798)	954	(10,703)
Cash (used in)/generated from operations	(3,720)	(3,062)	23,491	(12,867)
Interest expense paid	(504)	(1,021)	(1,500)	(1,561)
Interest income received	259	132	433	269
Income tax refund/(paid)	129	(349)	(119)	(779)
Net cash flows (used in)/generated from operating activities	(3,836)	(4,300)	22,305	(14,938)
Cash flows from investing activities				
Fixed deposit pledged with banks	(2,705)	(7)	(3,734)	(1,765)
Proceeds from disposal of property, plant and equipment	267	22	362	27
Proceeds from maturity of investment securities	2,750	-	3,750	1,000
Purchase of property, plant and equipment	(424)	(529)	(1,652)	(796)
Purchase of intangible assets	-	-	(22)	(9)
Net cash flows used in investing activities	(112)	(514)	(1,296)	(1,543)
Cash flows from financing activities				
Proceeds from issue of ordinary shares in the Company	6,967	-	6,967	-
Purchase of treasury shares	-	-	-	(398)
Dividends paid on ordinary shares of the Company	-	-	(3,132)	(5,012)
Proceeds from bank borrowings	5,610	59,354	21,351	112,774
Repayment of bank borrowings	(10,549)	(64,498)	(44,464)	(102,469)
Principal element of lease payments	(312)	(587)	(714)	(1,134)
Net cash flows generated from/(used in) financing activities	1,716	(5,731)	(19,992)	3,761
Net(decrease)/increase in cash and cash equivalents	(2,232)	(10,545)	1,017	(12,720)
Effects on exchange rate changes on cash and cash equivalents	96	342	69	251
Cash and cash equivalents at beginning of financial year	18,629	25,610	15,407	27,876
Cash and cash equivalents at end of financial year	16,493	15,407	16,493	15,407

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Condensed interim consolidated statement of cash flows (cont'd)

For the purpose of the statement of cash flow, the consolidated cash and cash equivalents at end of reporting period comprised of the following:

	Note	<u>31 December 2023</u>	<u>31 December 2022</u>
		S\$'000	S\$'000
Cash and cash equivalents			
- Continuing operations		16,382	14,747
- Discontinued operations	10	<u>111</u>	<u>660</u>
		<u>16,493</u>	<u>15,407</u>

HG METAL MANUFACTURING LIMITED

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

Selected notes to the condensed interim consolidated financial statements

1. Corporate information

HG Metal Manufacturing Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group).

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

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

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

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023.

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

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

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except that in the current financial period, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

4. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

4. Non-current assets held for sale and discontinued operations (cont'd)

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 10. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

5. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

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

5. Use of judgements and estimates (cont'd)

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

(a) Allowance for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

The carrying amount of trade receivables as at 31 December 2023 was S\$41,030,000 (31 December 2022: S\$35,323,000) respectively.

(b) Allowance for slow-moving and obsolete inventories

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

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

5. Use of judgements and estimates (cont'd)

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

The carrying amount of the inventories as at 31 December 2023 was S\$24,228,000 (31 December 2022: S\$58,851,000). Included in the carrying amount of the inventories is an allowance of write-down of inventory of S\$492,000 (31 December 2022: S\$103,000).

Impairment review of property, plant and equipment and right-of-use assets

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

The net book value of the Group's property, plant and equipment and right-of-use assets as at 31 December 2023 were S\$19,423,000 and S\$6,034,000 respectively (31 December 2022: S\$21,723,000 and S\$8,195,000).

Based on the assessment carried out, there is no indication that the Group's property, plant and equipment and right-of-use assets may be impaired as at 31 December 2023.

6. 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.

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

6. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>1 July 2023 to 31 December 2023</u>					
Revenue					
Sales to external customers	10,911	72,546	-	-	83,457
Inter-segment sales	31,790	2,286	-	(34,076)	-
Total	42,701	74,832	-	(34,076)	83,457
Results					
Other income	1,160	1,679	-	(2,761)	78
Dividend income	972	-	-	(972)	-
Government grant income	8	1	-	-	9
Interest income	203	67	5	(66)	209
Gain from disposal property, plant and equipment	114	-	-	(9)	105
Fair value loss from derivatives	(205)	(241)	-	-	(446)
Write back of inventories	425	13	-	-	438
Interest expense	(13)	(406)	-	66	(353)
Depreciation and amortisation of assets	(225)	(743)	(2)	-	(970)
Depreciation of right-of-use assets	(30)	(751)	-	-	(781)
Segment profit/(loss)	1,454	2,517	(19)	(1,078)	2,874
Income tax credit					318
Profit for the period					3,192
Assets and liabilities					
Additions to non-current assets*	224	1,073	-	(111)	1,186
Total assets	93,393	103,054	13,739	(73,128)	137,058
Total liabilities	23,104	67,804	2,377	(61,387)	31,898

HG METAL MANUFACTURING LIMITED

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

6. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>1 July 2022 to 31 December 2022</u>					
Revenue					
Sales to external customers	21,400	49,205	-	-	70,605
Inter-segment sales	18,795	1,099	-	(19,894)	-
Total	40,195	50,304	-	(19,894)	70,605
Results					
Other income	2,567	1,937	42	(3,983)	563
Dividend income	8,011	-	-	(8,011)	-
Government grant income	33	32	-	-	65
Interest income	226	33	8	(150)	117
Gain from disposal property, plant and equipment	51	43	-	(10)	84
Fair value loss from derivatives	(245)	(670)	-	-	(915)
Write-down of inventories	(73)	(26)	-	-	(99)
Interest expense	(219)	(806)	-	150	(875)
Depreciation and amortisation of assets	(1,134)	(724)	(2)	-	(1,860)
Depreciation of right-of-use assets	(192)	(331)	-	-	(523)
Segment profit/(loss)	2,653	(1,441)	(4,166)	839	(2,115)
Income tax credit					693
Loss for the period					(1,422)
Assets and liabilities					
Additions to non-current assets*	526	573	-	(32)	1,067
Segment assets	105,498	107,100	23,037	(77,499)	158,136
Income tax recoverable					139
Total assets					158,275
Segment liabilities	39,048	71,602	9,696	(66,206)	54,140
Tax payable					498
Deferred tax liabilities					574
Total liabilities					55,212

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

6. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>1 January 2023 to 31 December 2023</u>					
Revenue					
Sales to external customers	25,855	123,900	-	-	149,755
Inter-segment sales	38,068	3,759	-	(41,827)	-
Total	<u>63,923</u>	<u>127,659</u>	<u>-</u>	<u>(41,827)</u>	<u>149,755</u>
Results					
Other income	2,277	3,260	14	(5,340)	211
Dividend income	1,567	-	-	(1,567)	-
Government grant income	28	23	-	-	51
Interest income	329	135	15	(66)	413
Gain from disposal property, plant and equipment	176	-	-	(9)	167
Fair value gain from derivatives	(163)	272	-	-	109
(Write-down)/write back of inventories	(505)	13	-	-	(492)
Bad debts write-off	(28)	-	-	-	(28)
Interest expense	(75)	(978)	-	66	(987)
Depreciation and amortisation of assets	(482)	(1,439)	(5)	-	(1,926)
Depreciation of right-of-use assets	(129)	(1,092)	-	-	(1,221)
Segment profit/(loss)	<u>13</u>	<u>1,805</u>	<u>(56)</u>	<u>(1,617)</u>	<u>145</u>
Income tax credit					308
Profit for the year					<u>453</u>
Assets and liabilities					
Additions to non-current assets*	756	2,446	-	(111)	3,091
Total assets	<u>93,393</u>	<u>103,054</u>	<u>13,739</u>	<u>(73,128)</u>	<u>137,058</u>
Total liabilities	<u>23,104</u>	<u>67,804</u>	<u>2,377</u>	<u>(61,387)</u>	<u>31,898</u>

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

6. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>1 January 2022 to 31 December 2022</u>					
Revenue					
Sales to external customers	47,692	104,925	-	-	152,617
Inter-segment sales	34,071	2,275	-	(36,346)	-
Total	<u>81,763</u>	<u>107,200</u>	<u>-</u>	<u>(36,346)</u>	<u>152,617</u>
Results					
Other income	3,841	3,234	63	(5,472)	1,666
Dividend income	8,011	-	-	(8,011)	-
Government grant income	138	186	-	-	324
Interest income	322	39	14	(190)	185
Bad debts recovered	-	1	-	-	1
Gain from disposal property, plant and equipment	58	43	-	(10)	91
Fair value loss from derivatives	(4)	(380)	-	-	(384)
Write-down of inventories	(73)	(26)	-	-	(99)
Interest expense	(343)	(1,213)	-	190	(1,366)
Depreciation and amortisation of assets	(1,682)	(1,470)	(5)	-	(3,157)
Depreciation of right-of-use assets	(617)	(641)	-	-	(1,258)
Segment profit/(loss)	<u>3,160</u>	<u>5,639</u>	<u>(4,234)</u>	<u>909</u>	<u>5,474</u>
Income tax expenses					(530)
Profit for the year					<u>4,944</u>
Assets and liabilities					
Additions to non-current assets*	774	781	-	(32)	1,523
Segment assets	<u>105,498</u>	<u>107,100</u>	<u>23,037</u>	<u>(77,499)</u>	<u>158,136</u>
Income tax recoverable					139
Total assets					<u>158,275</u>
Segment liabilities	<u>39,048</u>	<u>71,602</u>	<u>9,696</u>	<u>(66,206)</u>	<u>54,140</u>
Tax payable					498
Deferred tax liabilities					574
Total liabilities					<u>55,212</u>

*Addition to non-current assets comprise property, plant and equipment, right-of-use assets and intangible assets.

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

6. Segment information (cont'd)

Geographical information

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

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

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Myanmar S\$'000	Group S\$'000
<u>1 January 2023 to 31 December 2023</u>					
Sales to external customers	148,132	1,036	587	-	149,755
Non-current assets	25,283	337	-	-	25,620
<u>1 January 2022 to 31 December 2022</u>					
Sales to external customers	147,971	3,264	1,382	-	152,617
Non-current assets	25,320	362	-	4,474*	30,156

* The amounts pertaining to non-current assets of the discounted operations unit in Myanmar in 2022.

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

7. Disaggregation of revenue

	6 months ended 31 December 2023		
	Trading S\$'000	Manufacturing S\$'000	Group S\$'000
Sales of goods (at a point in time)	9,790	6,880	16,670
Cut & bend (at a point in time)	-	65,666	65,666
Rental of steel plates (over time)	1,121	-	1,121
Total Revenue	10,911	72,546	83,457

	Group		
	6 months ended 31 December 2022		
	Trading S\$'000	Manufacturing S\$'000	Group S\$'000
Sales of goods (at a point in time)	20,308	3,600	23,908
Cut & bend (at a point in time)	-	45,605	45,605
Rental of steel plates (over time)	1,092	-	1,092
Total Revenue	21,400	49,205	70,605

	Group		
	12 months ended 31 December 2023		
	Trading S\$'000	Manufacturing S\$'000	Group S\$'000
Sales of goods (at a point in time)	23,603	10,633	34,236
Cut & bend (at a point in time)	-	113,267	113,267
Rental of steel plates (over time)	2,252	-	2,252
Total Revenue	25,855	123,900	149,755

	Group		
	12 months ended 31 December 2022		
	Trading S\$'000	Manufacturing S\$'000	Group S\$'000
Sales of goods (at a point in time)	45,524	7,788	53,312
Cut & bend (at a point in time)	-	97,137	97,137
Rental of steel plates (over time)	2,168	-	2,168
Total Revenue	47,692	104,925	152,617

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

7. Disaggregation of revenue (cont'd)

A breakdown of sales:

	Group		%
	12 months ended 31 December 2023	12 months ended 31 December 2022	
	S\$'000	S\$'000	(+/-)
<u>First Half</u>			
Sales reported for first half year	66,298	82,012	(19)
Continuing operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(2,739)	6,366	(143)
<u>Second Half</u>			
Sales reported for remaining period	83,457	70,605	18
Continuing operating profit/(loss) after tax before deducting non-controlling interests reported for remaining period	3,192	(1,422)	nm*

*nm denotes not meaningful

8. Profit before income tax

	Group		Group	
	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
Profit/(Loss) before tax from continuing operations is arrived at after crediting/(charging) the following:	S\$'000	S\$'000	S\$'000	S\$'000
Bad debts (write-off)/recovered	-	-	(28)	1
Depreciation of property, plant and equipment	(954)	(1,849)	(1,897)	(3,135)
Depreciation of right-of-use assets	(781)	(523)	(1,221)	(1,258)
Amortisation of intangible assets	(16)	(11)	(29)	(22)
Gain on disposal of property, plant and equipment	105	84	167	91
Gain on modification of lease	-	336	-	336
Write-off of property, plant and equipment	-	(1)	-	(5)
Impairment loss on financial assets	(2)	(107)	(80)	(236)
Fair value (loss)/gain on derivatives, net	(446)	(915)	109	(384)
Foreign exchange (loss)/gain, net	(50)	801	(192)	606
Interest income	209	117	413	185
Finance costs	(353)	(875)	(987)	(1,366)
Write back/(write-down) of inventories	438	(99)	(492)	(99)

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

9. Related companies and related parties transactions

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

	Company	
	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000
<i>With subsidiaries</i>		
Sales	38,068	34,071
Dividend income	1,567	8,011
Management fee income	1,344	1,580
Interest income	66	190
Other income	875	865
Rental expenses	(766)	(779)
Other expenses	(77)	-

	Group		Company	
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<i>With companies related to directors of the Company</i>				
Sales	-	5	-	5
Other charges	(2)	(3)	(2)	(2)

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

10. Discontinued operations

On 7 February 2023, the Group announced its plan to cease the business operations of its subsidiary, First Fortune International Company Limited (“**FFI**”), in Myanmar, in view that the economic conditions of Myanmar are 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.

As at 30 June 2023, FFI was classified as discontinued operations and assets as held for sale.

The Group intends to dispose the assets within a year from the reporting date. On 13 February 2024, the Company announced that HG Metal Investments Pte. Ltd. (“**HGMI**”) entered into a sale and purchase agreement with Aung Tin Htut (“**Buyer**”), in relation to the disposal by HGMI of 30,486 ordinary shares in the capital of its subsidiary, namely First Fortune International Company Limited to the Buyer.

The results of FFI for the year are presented below:

	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	27	898	2,380	5,756
Cost of sales	(4)	(954)	(2,067)	(5,106)
Gross profit	23	(56)	313	650
Other operating income	14	61	41	68
Selling and distribution costs	-	(2)	(1)	(14)
Administrative expenses	(54)	(428)	(394)	(682)
Other operating expenses	(150)	(431)	(916)	(556)
Finance costs	(166)	(234)	(337)	(399)
Impairment loss on assets held for sales	(685)	-	(685)	-
Impairment loss on non-financial assets	-	(8,810)	-	(8,810)
Impairment loss on financial assets	(201)	(934)	(188)	(976)
Loss before income tax from discontinued operations	(1,219)	(10,834)	(2,167)	(10,719)
Income tax expense:				
Under provision in respect of previous years	-	-	(57)	-
Net loss for the year from discontinued operations	(1,219)	(10,834)	(2,224)	(10,719)

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

10. Discontinued operations (cont'd)

The major classes of assets and liabilities of FFI classified as held for sale as at 31 December 2023 are, as follows;

	<u>31 December 2023</u>
	S\$'000
Assets	
Property, plant and equipment	1,868
Right-of-use assets	1,449
Inventories	8
Trade and other receivables	3
Prepaid expenses	4
Income tax recoverable	85
Cash and cash equivalents	111
Assets held for sale	<u>3,528</u>
liabilities	
Trade and other payables	(1,526)
Bank borrowings*	(3,285)
Liabilities directly associated with assets held for sale	(4,811)
Net liabilities directly associated with discontinued operations	<u>(1,283)</u>

*The bank loans are secured by fixed charges over property, plant and equipment that are pledged to the bank and under a corporate guarantee provided by its ultimate holding company.

The Company has provided corporate guarantee to a subsidiary in Myanmar. Due to the uncertain situation and political instability in Myanmar, the Company will be required to pay for the subsidiary's outstanding bank loan due in 2024 if the subsidiary defaults on its loan repayment obligation. On 13 February 2024, the Company announced the completion of the disposal in shares in the Myanmar subsidiary to Aung Tin Htut. Based on the Share Purchase Agreement ("SPA"), the responsibility of the outstanding bank loan will be settled by the Company. With that, the Company and Group has recognised the provision for net loss on disposal of FFI amounting to S\$685,000 in its FY2023 financial statements.

The net cash flow incurred by FFI are, as follows;

	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000
Operating	934	1,192
Investing	134	-
Financing	(1,616)	(2,858)
Net cash outflow	<u>(548)</u>	<u>(1,666)</u>

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

10. Discontinued operations (cont'd)

	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
Earnings per share for discontinued operations:				
Basic (cents)	(0.68)	(4.41)	(1.11)	(4.36)
Diluted (cents)	(0.68)	(4.41)	(1.11)	(4.36)

11. Income tax expenses

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

	Group			
	6 months ended 31 December 2023 S\$'000	6 months ended 31 December 2022 S\$'000	12 months ended 31 December 2023 S\$'000	12 months ended 31 December 2022 S\$'000
Current income tax expense				
Current financial year				
- Attributable to continuing operations	3	(612)	13	493
Under/(over) provision in respect of previous years				
- Attributable to continuing operations	(378)	(59)	(378)	(59)
- Attributable to discontinued operations	-	-	57	-
Deferred income tax expenses relating to origination and reversal of temporary differences				
- Attributable to continuing operations	57	(22)	57	96
Total income tax (credit)/expenses recognised in the statement of comprehensive income	(318)	(693)	(251)	530

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

12. Earnings per shares

	Group			
	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	(a)	(a)	(b)	(b)
<u>Earnings per ordinary shares:</u>				
Basic (cents)	1.60	(5.54)	(0.77)	(0.42)
Diluted (cents)	1.60	(5.54)	(0.77)	(0.42)
<u>Earnings per share for continuing operations:</u>				
Basic (cents)	2.28	(1.13)	0.34	3.94
Diluted (cents)	2.28	(1.13)	0.34	3.94
<u>Earnings per share for discontinued operations:</u>				
Basic (cents)	(0.68)	(4.41)	(1.11)	(4.36)
Diluted (cents)	(0.68)	(4.41)	(1.11)	(4.36)

(a) Earnings per share were calculated based on weighted average number of shares of 139,993,772 and 125,454,535 for the six months ended 31 December 2023 and for the six months 31 December 2022 respectively.

(b) Earnings per share were calculated based on weighted average number of shares of 132,684,778 and 125,375,785 for the financial year ended 31 December 2023 and for the financial year ended 31 December 2022 respectively.

Diluted earnings per share were calculated based on adjusted weighted average number of shares during the year. There was no dilution in earnings per ordinary share this year and the comparative last year.

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

13. Property, plant and equipment

	Group									
	Freehold land	Buildings	Leasehold buildings	Plant and machinery	Furniture and fittings	Office equipment	Renovation	Motor vehicles	Construction in progress	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost										
At 30 June 2023	174	231	19,382	20,445	315	515	70	2,465	-	43,597
Additions	-	-	-	198	(1)	58	-	37	293	585
Disposal and write-off	-	-	-	(144)	-	-	-	-	-	(144)
Assets held for sale	-	260	-	1,056	-	1	-	3	-	1,320
Exchange difference	(2)	(263)	-	(31)	-	(1)	-	(3)	-	(300)
At 31 December 2023	172	228	19,382	21,524	314	573	70	2,502	293	45,058
Accumulated depreciation										
At 30 June 2023	-	64	8,734	12,334	281	445	27	1,953	-	23,838
charge for the period	-	3	331	535	8	25	7	45	-	954
Disposal and write-off	-	-	-	(75)	-	-	-	-	-	(75)
Assets held for sale	-	205	-	946	-	-	-	1	-	1,152
Exchange difference	-	(204)	-	(27)	-	(1)	-	(2)	-	(234)
At 31 December 2023	-	68	9,065	13,713	289	469	34	1,997	-	25,635
Net carrying amount										
At 30 June 2023	174	167	10,648	8,111	34	70	43	512	-	19,759
At 31 December 2023	172	160	10,317	7,811	25	104	36	505	293	19,423

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

13. Property, plant and equipment (cont'd)

	Group									Total S\$'000
	Freehold land S\$'000	Buildings S\$'000	Leasehold buildings S\$'000	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Construction in progress S\$'000	
Cost										
At 31 December 2022	182	9,945	19,382	20,759	321	549	70	2,517	-	53,725
Additions	-	-	-	1,712	1	77	-	117	293	2,200
Disposal and write-off	-	-	-	(182)	(2)	(10)	-	(24)	-	(218)
Assets held for sale	-	(9,559)	-	(755)	(6)	(42)	-	(106)	-	(10,468)
Exchange difference	(10)	(158)	-	(10)	-	(1)	-	(2)	-	(181)
At 31 December 2023	172	228	19,382	21,524	314	573	70	2,502	293	45,058
Accumulated depreciation										
At 31 December 2022	-	7,546	8,403	13,334	276	450	20	1,973	-	32,002
charge for the period	-	102	662	1,157	16	47	14	95	-	2,093
Disposal and write-off	-	-	-	(96)	(1)	(10)	-	(11)	-	(118)
Assets held for sale	-	(7,463)	-	(673)	(2)	(17)	-	(59)	-	(8,214)
Exchange difference	-	(117)	-	(9)	-	(1)	-	(1)	-	(128)
At 31 December 2023	-	68	9,065	13,713	289	469	34	1,997	-	25,635
Net carrying amount										
At 31 December 2022	182	2,399	10,979	7,425	45	99	50	544	-	21,723
At 31 December 2023	172	160	10,317	7,811	25	104	36	505	293	19,423

During the financial year ended 31 December 2023, the Group acquired property, plant and equipment with aggregate cost S\$2,200,000 (31 December 2022: S\$1,104,000). The Group disposed property, plant and equipment for S\$284,000 (31 December 2022: S\$105,000).

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

13. Property, plant and equipment (cont'd)

	Company					
	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Total S\$'000
Cost						
At 30 June 2023	9,366	264	386	56	2,312	12,384
Additions	165	-	58	-	-	223
Disposal and write-off	(112)	-	-	-	-	(112)
At 31 December 2023	9,419	264	444	56	2,312	12,495
Accumulated depreciation						
At 30 June 2023	5,356	253	340	24	1,840	7,813
charge for the period	152	2	19	5	39	217
Disposal and write-off	(45)	-	-	-	-	(45)
At 31 December 2023	5,463	255	359	29	1,879	7,985
Net carrying amount						
At 30 June 2023	4,010	11	46	32	472	4,571
At 31 December 2023	3,956	9	85	27	433	4,510

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

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

13. Property, plant and equipment (cont'd)

	Company					
	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Total S\$'000
Cost						
At 31 December 2022	8,992	264	367	56	2,232	11,911
Additions	576	-	77	-	80	733
Disposal and write-off	(149)	-	-	-	-	(149)
At 31 December 2023	9,419	264	444	56	2,312	12,495
Accumulated depreciation						
At 31 December 2022	5,187	250	327	18	1,800	7,582
charge for the period	343	5	32	11	79	470
Disposal and write-off	(67)	-	-	-	-	(67)
At 31 December 2023	5,463	255	359	29	1,879	7,985
Net carrying amount						
At 31 December 2022	3,805	14	40	38	432	4,329
At 31 December 2023	3,956	9	85	27	433	4,510

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

14. Intangible assets

	Group		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
Cost			
At 30 June 2023	1,062	143	1,205
Additions	-	-	-
Write-off	-	-	-
Exchange difference	(1)	-	(1)
At 31 December 2023	<u>1,061</u>	<u>143</u>	<u>1,204</u>
Accumulated amortisation			
At 30 June 2023	1,026	-	1,026
Amortisation	16	-	16
Write-off	(1)	-	(1)
At 31 December 2023	<u>1,041</u>	<u>-</u>	<u>1,041</u>
Net carrying amount			
At 30 June 2023	36	143	179
At 31 December 2023	<u>20</u>	<u>143</u>	<u>163</u>

	Company		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
Cost			
At 30 June 2023	944	143	1,087
Additions	-	-	-
At 31 December 2023	<u>944</u>	<u>143</u>	<u>1,087</u>
Accumulated amortisation			
At 30 June 2023	926	-	926
Amortisation	7	-	7
At 31 December 2023	<u>933</u>	<u>-</u>	<u>933</u>
Net carrying amount			
At 30 June 2023	18	143	161
At 31 December 2023	<u>11</u>	<u>143</u>	<u>154</u>

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

15. Trade and other receivables

	<u>Group</u>	
	<u>31 December 2023</u>	<u>31 December 2022</u>
	S\$'000	S\$'000
Trade receivables	42,715	39,576
Allowance for expected credit loss	(1,685)	(4,253)
Total trade receivables	<u>41,030</u>	<u>35,323</u>
Advance to suppliers	8,974	940
Deposits	207	279
Other receivables	60	67
GST receivables	147	-
Allowance for expected credit loss	(35)	(31)
Total other receivables	<u>9,353</u>	<u>1,255</u>
Total trade and other receivables	<u>50,383</u>	<u>36,578</u>

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

Expected credit losses

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

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

Movement in allowance accounts (trade receivables)

	<u>Group</u>	
	<u>12 months ended</u>	<u>12 months ended</u>
	<u>31 December 2023</u>	<u>31 December 2022</u>
	S\$'000	S\$'000
At beginning of the period	4,253	5,636
Reclassification to assets held for sale	(2,207)	-
Allowance for expected credit loss	74	1,203
Write off during the period	(430)	(2,534)
Translation difference	(5)	(52)
At end of period	<u>1,685</u>	<u>4,253</u>

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

15. Trade and other receivables (cont'd)

Movement in allowance accounts (other receivables)

	Group	
	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000
At beginning of the period	31	24
Allowance for expected credit loss	6	9
Translation difference	(2)	(2)
At end of period	35	31

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

15. Trade and other receivables (cont'd)

Credit risk of trade receivables

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

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

	Trade receivables					
	Less than 3 months past due	3 months to 6 months past due	6 months to 12 months past due	More than 12 months past due	Total	
	Current S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Singapore:						
31 December 2023						
Gross amount	18,348	20,689	1,291	807	1,476	42,611
Loss allowance provision	(11)	(34)	(33)	(135)	(1,472)	(1,685)
	<u>18,337</u>	<u>20,655</u>	<u>1,258</u>	<u>672</u>	<u>4</u>	<u>40,926</u>
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)
	<u>14,832</u>	<u>18,831</u>	<u>558</u>	<u>382</u>	<u>3</u>	<u>34,606</u>
Other geographical areas:						
31 December 2023						
Gross amount	55	49	-	-	-	104
Loss allowance provision	-	-	-	-	-	-
	<u>55</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104</u>
31 December 2022						
Gross amount	70	345	-	-	2,945	3,360
Loss allowance provision	-	(2)	-	-	(2,641)	(2,643)
	<u>70</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>717</u>

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

15. Trade and other receivables (cont'd)

Credit risk of concentration profiles

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

	Group	
	31 December 2023	31 December 2022
	S\$'000	S\$'000
By country:		
Indonesia	63	219
Malaysia	41	195
Myanmar	-	303
Singapore	40,926	34,606
	<u>41,030</u>	<u>35,323</u>
By industry sectors:		
Trading	565	390
Construction	39,954	34,202
Others	511	731
	<u>41,030</u>	<u>35,323</u>

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

16. Trade and other payables

	<u>Group</u>	
	<u>31 December 2023</u>	<u>31 December 2022</u>
	S\$'000	S\$'000
Trade payables	7,731	4,899
Other payables:		
Deposits from customers	23	44
Accrued operating expenses	1,267	3,185
Other payables	1,401	2,554
GST payables	-	792
Total trade and other payables	<u>10,422</u>	<u>11,474</u>

Trade payables 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, are unsecured, interest-free, repayable on demand and expected to be settled in cash.

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

17. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022.

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables	41,262	35,638	42,023	43,915
Bank balances and fixed deposits	29,274	24,565	17,008	12,923
Investment securities	3,810	7,671	3,810	7,671
Total financial assets at amortised cost	74,346	67,874	62,841	64,509
Financial liabilities at amortised cost				
Trade and other payables	10,422	10,598	22,073	28,563
Lease liabilities	5,402	5,853	64	219
Bank borrowings	8,732	35,177	766	9,191
Total financial liabilities at amortised cost	24,556	51,628	22,903	37,973
Financial liabilities at fair value through profit and loss				
Derivative financial instruments	314	423	201	38
Total financial liabilities at fair value through profit and loss	314	423	201	38

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

18. Financial instruments carried on fair value

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

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

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

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

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

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

	Group			
	31 December 2023			
	Quoted prices in active market for identical assets (level 1) S\$'000	Significant observable inputs other than quoted (Level 2) S\$'000	Unobservable inputs for the asset or liability (Level 3) S\$'000	Total fair value S\$'000
Liabilities				
Derivative financial instruments				
- Forward Currency contracts	-	(314)	-	(314)
	-	(314)	-	(314)

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

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

19. Borrowings

	Group				Company			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Secured [*]	Lease liabilities	Secured [*]	Lease liabilities	Secured [*]	Lease liabilities	Secured [*]	Lease liabilities
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Repayable within one year	2,064	537	23,621	600	413	29	8,425	155
Repayable after one year	6,668	4,865	11,556	5,253	353	35	766	64
Total	8,732	5,402	35,177	5,853	766	64	9,191	219

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

20. Contingent liabilities

Guarantees

- (i) Intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to \$42,088,000 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.

- (ii) As requested by a customer, the Group has provided performance bond of S\$142,000 as security deposits to guarantee satisfactory supply and delivery of goods. The performance bond remains 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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Selected notes to the condensed interim consolidated financial statements (cont'd)

21. Share capital and treasury shares

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

	2023	2022
	S\$'000	S\$'000
<u>Share capital</u>		
At 1 January	70,496	70,496
Issue from share placement	6,967	-
At 31 December	<u>77,463</u>	<u>70,496</u>

	2023	2022
<u>Total number of issued shares</u>		
At 1 January	130,611,365	130,611,365
Issue from share placement	25,059,406	-
At 31 December	<u>155,670,771</u>	<u>130,611,365</u>
Treasury shares	<u>(5,314,330)</u>	<u>(5,314,330)</u>
Total number of issued shares excluding treasury shares	<u>150,356,441</u>	<u>125,297,035</u>

	31 December 2023	31 December 2022
Number of issued shares (excluding treasury shares)	150,356,441	125,297,035
Number of treasury shares	5,314,330	5,314,330
Percentage of number of treasury shares against the total number of issued shares (excluding treasury shares and subsidiary holdings)	<u>3.53%</u>	<u>4.24%</u>

	31 December 2023	31 December 2022
	S\$'000	S\$'000
Share capital	<u>77,463</u>	<u>70,496</u>

	31 December 2023	31 December 2022
Total number of issued shares	155,670,771	130,611,365
Treasury shares	<u>(5,314,330)</u>	<u>(5,314,330)</u>
Total number of issued shares excluding treasury shares	<u>150,356,441</u>	<u>125,297,035</u>

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

21. Share capital and treasury shares (cont'd)

Issue from share placement

On 19 September 2023, the Company completed allotment and issue of total 25,059,406 Placement Shares to Mr. Xue Jun and Mr. Zheng Dazhai with each for 12,529,703 new shares at an issue price of S\$0.278 per Placement Share, which amounted to a cash consideration of S\$3,483,257.434 each.

The utilisation of net proceeds raised by the Company from the Placement which amounted to approximately S\$6.89 million (after deducting estimated expenses pertaining to the Placement of approximately S\$76,000) as follows:

	Amount allocated S\$'000	Amount utilised as at the date of this announcement S\$'000	Balance as at the date of this announcement S\$'000
Use of Net Proceeds			
General working capital	6,890	2,183 ⁽¹⁾	4,707

⁽¹⁾ General working capital consists of purely trade payment for purchase of inventory.

The Company did not hold any options, convertibles or subsidiary holdings as at 31 December 2023 and 31 December 2022

21.2 to show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

	31 December 2023 S\$'000	31 December 2022 S\$'000
Share capital	77,463	70,496
	31 December 2023	31 December 2022
Total number of issued shares	155,670,771	130,611,365
Treasury shares	(5,314,330)	(5,314,330)
Total number of issued shares excluding treasury shares	150,356,441	125,297,035

There was no sale, transfer, disposal, cancellation and use of treasury shares during the current financial year ended 31 December 2023.

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

22. Dividends

	Group	
	12 months ended 31 December 2023	12 months ended 31 December 2022
	S\$'000	S\$'000
Ordinary dividend paid: Final dividend in respect of the financial year ended 31 December 2022 and 31 December 2021, approved and paid during respective financial year, S\$0.025 per ordinary share (2021: S\$0.040 per ordinary share)	3,132	5,012

23. Net asset value

	Group		Company	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	Net asset value per ordinary share (S\$)	0.72	0.84	0.47

24. Seasonality of operations

The Group's businesses are not significantly affected by seasonal or cyclical factor during the current financial year ended 31 December 2023.

25. Subsequent events

On 13 February 2024, HG Metal Investments Pte. Ltd. ("HGMI"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement ("SPA") with Aung Tin Htut ("Buyer"), in relation to the disposal by HGMI of 30,486 ordinary shares in the capital of its subsidiary, namely First Fortune International Company Limited ("FFI"), to the Buyer.

The completion of the disposal under the terms of the SPA has taken place concurrently with the signing of the Agreement. Following Completion, the beneficial shareholding of HGMI in FFI has been reduced from 51.04% to nil and accordingly, FFI has ceased to be a subsidiary of the Company.

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Other information required by Listing Rule Appendix 7.2

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

The condensed consolidated statement of financial position of HG Metal Manufacturing Limited and its subsidiaries as at 31 December 2023 and related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month and twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

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

(a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial performance of the Group (2H2023 vs 2H2022)

Continuing operations

Revenue and Gross Profit

The Group recorded revenue of S\$83.5 million in 2H2023 as compared to S\$70.6 million in 2H2022, representing an increase of 18%. The growth in revenue was mainly due to a 51% increase in the sales volume on a year-on-year basis. The increase was partially offset by the drop in average selling price of steel in 2H2023.

The overall gross profit margin for 2H2023 improved to 10.4% from 8.3% in 2H2022 mainly due to lower weighted average cost of material on hand. As a result, the Group recorded gross profit of S\$8.7 million in 2H2023 compared to S\$5.8 million in 2H2022.

Other Operating Income

Other operating income increased by S\$0.1 million in 2H2023 compared to 2H2022 mainly due to a fair value gain in forward currency contracts.

Selling and Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses in 2H2023 were higher than 2H2022 mainly due to more out-sourced logistic services in tandem with increase in sales volume.

Administrative expenses decreased by 21% to S\$3.4 million in 2H2023 from S\$4.3 million in 2H2022. This was mainly due to reduction in salary cost of S\$0.9 million.

Other operating expenses incurred in 2H2023 decreased to S\$1.9 million in comparison with S\$2.8 million in 2H2022, mainly due to reduced depreciation expenses.

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

Total finance costs incurred related mainly to borrowing for trade financing and term loans from banks as well as construction loans and leases for properties redevelopment. Total finance cost incurred in 2H2023 decreased in comparison with 2H2022 mainly due to lesser borrowing from banks.

The Group recorded a small amount of an impairment loss on financial assets in 2H2023 as compared to S\$0.1 million in 2H2022.

Profitability

The Group reported net profit before tax of S\$2.9 million in 2H2023 from continuing operations in contrast to loss before tax of S\$2.1 million in 2H2022 mainly due to increase in gross profit generated and lower operating expenses incurred in 2H2023.

There was a tax refund of S\$0.3 million for 2H2023 due to tax overpaid for FY2022. The income tax expense for 2H2022 was S\$0.7 million.

The Group recorded a net profit after tax of S\$3.2 million in 2H2023 compared to a net loss after tax of S\$1.4 million in 2H2022 from continuing operations.

Discontinued operations

The Group incurred a net loss of S\$1.2 million after tax in 2H2023 for the discontinued operations.

Results for FY2023 versus FY2022

Continuing operations

Revenue and Gross Profit

The Group delivered revenue of S\$149.8 million in FY2023, slightly lower than revenue of S\$152.6 million in FY2022. This was mainly due to change in sales mix and decline in average selling prices in tandem with softening of global steel prices compared to same period last year. The overall gross profit margin for FY2023 declined to 8.5% from 13.4% in FY2022 mainly due to average selling price reduced by 21% despite the sales volume increased by 23% in FY2023. In addition, the higher weighted average cost of material on hand also dragged down financial performance.

The Group recorded lower gross profit of S\$12.8 million in FY2023 as compared to S\$20.5 million in FY2022.

Other Operating Income

Other operating income declined to S\$1.0 million in FY2023 from S\$2.3 million in FY2022. This was mainly attributed to reduction in warehouse and rental income of S\$1.0 million due to reduced warehousing space and absence of one-off income from termination of right-of-use asset of S\$0.3 million.

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

Selling and distribution, Administrative, Other Operating and Finance Costs

Total selling and distribution costs incurred in FY2023 were higher than FY2022, in tandem with increased delivery volumes and more out-sourced logistic services engaged in FY2023.

Administrative expenses decreased by 28% to S\$7.4 million in FY2023 from S\$10.3 million in FY2022. This was mainly resulted from reduction in salary cost.

Other operating expenses incurred in FY2023 decreased to S\$4.2 million in comparison with S\$5.0 million in the prior financial year, mainly due to reduced depreciation expenses.

Total finance costs incurred amounted to S\$1.0 million in FY2023 in comparison with S\$1.4 million in FY2022. The decrease in finance costs was mainly due to reduced borrowings from banks.

The Group recorded an impairment loss on financial assets of S\$0.08 million in FY2023 as compared to S\$0.2 million in FY2022.

Profitability

The Group reported a net profit before tax of S\$0.1 million in FY2023 from continuing operations in comparison to profit before tax of S\$5.5 million in FY2022 mainly due to decrease in gross profit generated in FY2023.

The Group recorded a tax refund for the previous year's tax overpaid of S\$0.3 million in FY2023 in contrast to tax expenses of S\$0.5 million for FY2022.

The Group recorded a net profit after tax of S\$0.5 million in FY2023 in comparison to a net profit after tax of S\$4.9 million in FY2022 from continuing operations.

Discontinued operations

The Group recorded a net loss after tax of S\$2.2 million in FY2023 from discontinued operations. This included an impairment loss of S\$0.7 million in relation to an asset held for sale that is expected to be disposed in the subsequent financial year.

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

Balance Sheet

The Group's non-current assets decreased to S\$26.0 million as of 31 December 2023 compared to S\$36.6 million as at 31 December 2022, mainly due to reclassification of investment securities and fixed deposits pledged with banks to current asset.

As of 31 December 2023, the Group's inventory on hand decreased to S\$24.2 million from S\$58.9 million as at 31 December 2022 which was in line with the Group's strategy to optimize its inventory holding.

Trade and other receivables amounted to S\$50.4 million as at 31 December 2023 as compared to S\$36.6 million as at 31 December 2022. The increase of S\$13.8 million was mainly attributed to the increase in sales activities in 2H2023.

Trade and other payables decreased slightly to S\$10.4 million as at 31 December 2023 from S\$11.5 million as at 31 December 2022.

Bank borrowings reduced to S\$8.7 million as at 31 December 2023 from S\$35.2 million as at 31 December 2022. This was mainly due to repayments made to the banks as well as lesser borrowings from banks by the Group in the second half of the financial year.

The Group classified the subsidiary's operations in Myanmar as discontinued operations, the net assets held for sale was S\$3.5 million after the provision of impairment of S\$0.7 million and liabilities directly associated with assets held for sale was S\$4.8 million as at 31 December 2023.

Statement of Cash Flows

The Group generated net cash flows from operating activities of S\$22.3 million in FY2023. This was mainly attributable to a decrease in inventories of S\$33.5 million and increase in trade and other payables of S\$1.0 million, offset by an increase in trade and other receivables of 14.1 million.

Net cash flows used in investing activities for FY2023 was S\$1.3 million. The net cash used in investing activities in FY2023 comprised mainly fixed deposit pledged with banks of S\$3.7 million, purchase of property, plant and equipment and intangible assets of S\$1.7 million, partially offset by proceeds from maturity of investment securities of S\$3.8 million and proceeds from disposal of property, plant and equipment of S\$0.4 million.

Net cash flows used in financing activities for FY2023 was S\$20.0 million, mainly due to net repayment for bank borrowings of S\$23.1 million, repayment of lease of S\$0.7 million and dividend payment of S\$3.1 million, partially offset by net proceeds of S\$7.0 million from Share Placement.

The Group's cash and cash equivalents was S\$16.5 million as at 31 December 2023 in comparison to S\$15.4 million as at 31 December 2022.

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

The Group's financial results for financial year ended 31 December 2023 is in line with the Group's announcement dated 8 February 2024.

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

Despite global economy uncertainties, geopolitical upheavals, and sluggish growth in China, Singapore's economy has shown resilience and averted a recession. Based on the advance estimate from the MTI¹, the Singapore economy expanded by 1.2% in 2023. The economy is projected to experience growth in 2024 with GDP growth estimated in the range of 1%–3%². Optimism prevails amidst anticipated recovery in the manufacturing and financial sectors that will be supported by the turnaround in the electronics cycle and domestic-oriented sectors to further normalises towards pre-pandemic level². However, the strength and sustainability of anticipated growth may hinge on external final global demand and geopolitical tensions that may inject unpredictable elements into the equation.

According to the Building and Construction Authority ("BCA")³, Singapore's projected total construction demand is expected to range between \$32 billion and \$38 billion in nominal terms in 2024, above 2023's figure of \$33.8 billion. The public sector is expected to drive growth and contribute to 55% of total construction demand in 2024. Total value of construction demand for public sector is estimated at between \$18 billion and \$21 billion, mainly bolstered by the continued strong pipeline of public sector projects for public housing and infrastructure projects, such as the Housing and Development Board's (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments. The Private sector construction demand is forecasted to contribute between \$14 billion and \$17 billion in 2024. Projects poised to drive growth include residential developments under the Government Land Sales programme, expansion of the two integrated resorts and redevelopment of commercial premises, as well as the development of mixed-used properties and industrial facilities.

Beyond 2024, the BCA forecasted a steady improvement in construction demand over the medium term. Total construction demand is projected to range between S\$31 billion and S\$38 billion per year from 2025 to 2028.

The Group perceives that the local structural steel industry is expected to continue facing headwinds and challenges in view of intensified competitions and weak recovery in steel prices that stemmed mainly from China's debt crisis, tepid domestic demand and steel production overcapacity. Elsewhere, the emerging markets in Southeast Asia and India are also witnessing capacity growth which may make steel prices more competitive.

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On 13 February 2024 the Group divested its 51.04% investment in a Myanmar subsidiary, First Fortune International Ltd (“FFI”). FFI had ceased business operations since February 2023 and the business was reclassified as assets held for sale in the Group’s financial statement in 1H 2023.

Further to the divestment, the Group will pursue business growth in expanding its cut and bend reinforcing steel business, propelled by the positive outlook for the construction industry in Singapore.

The Group remains cautious for 2024 in light of current global economy and geopolitical uncertainties.

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2024/01/AdvEst_4Q23.pdf

² <https://www.mas.gov.sg/news/monetary-policy-statements/2024/mas-monetary-policy-statement-29jan24>

³ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

30. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial year reported on?

No, the Board is not recommending any dividend as the Company is in a loss-making position for FY2023.

(b) Corresponding period of the immediately preceding financial year

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

Final tax-exempt (one-tier) dividend of S\$0.025 Singapore dollars per ordinary share for the financial year ended 31 December 2022 was declared and approved in the annual general meeting held on 26 April 2023.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

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

32. Interested persons transactions

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

There were no interested person transactions with aggregate value of more than S\$100,000 during financial year ended 31 December 2023 pursuant to Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

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

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

Not applicable

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

Not applicable as the Company did not undertake any transactions in relation to Mainboard Rule 706A for the financial year ended 31 December 2023.

On behalf of the Board,

Xiao Xia

Executive Director and Chief Executive Officer

26 February 2024