



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

**Condensed Interim Financial Statements
for the Half Year Ended 30 June 2024**



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

Condensed Interim Financial Statements for the Half Year Ended 30 June 2024

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

		Group		
	Note	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	% (+/-)
<u>Continuing operations</u>				
Revenue	7	73,107	66,298	10
Cost of sales		(63,196)	(62,192)	2
Gross profit		9,911	4,106	141
Gross margin		13.6%	6.2%	
Other operating income		1,015	996	2
Selling and distribution costs		(591)	(263)	125
Administrative expenses		(3,978)	(4,066)	(2)
Other operating expenses		(1,640)	(2,790)	(41)
Finance costs		(328)	(634)	(48)
Reversal/(allowance) of impairment loss on financial assets		48	(78)	(162)
Profit/(loss) before income tax from continuing operations	8	4,437	(2,729)	nm*
Income tax expense	11	(726)	(10)	nm*
Net Profit/(loss) for the period from continuing operations		3,711	(2,739)	nm*
<u>Discontinued operations</u>				
Net loss for the period after tax from discontinued operations	10	(264)	(1,005)	nm*
Net profit/(loss) for the period		3,447	(3,744)	nm*
Profit/(loss) attributable to:				
Owners of the Company				
Profit/(loss) from continuing operations		3,711	(2,739)	nm*
Loss from discontinued operations		(297)	(514)	nm*
		3,414	(3,253)	nm*
Non-controlling interests				
Profit/(loss) from discontinued operations		33	(491)	nm*
		33	(491)	nm*

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

	Note	Group		
		6 months ended 30 June 2024	6 months ended 30 June 2023	%
		S\$'000	S\$'000	(+/-)
Net Profit/(loss) for the period		3,447	(3,744)	nm*
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss :				
Foreign currency translation		(135)	(119)	nm*
Reclassification of currency translation reserve to profit or loss		(59)	-	nm*
Other comprehensive loss for the period, net of tax		(194)	(119)	nm*
Total comprehensive income/(loss) for the period		3,253	(3,863)	nm*
Total comprehensive income/(loss) attributable to:				
Owners of the Company				
Profit/(loss) from continuing operations		3,618	(2,803)	nm*
Loss from discontinued operations		(348)	(542)	nm*
		3,270	(3,345)	nm*
Non-controlling interests				
Loss from discontinued operations		(17)	(518)	nm*
		(17)	(518)	nm*
Earnings per ordinary share:				
Basic (cents)				
Earning per ordinary share for continuing operations	12	2.46	(2.19)	nm*
Earning per ordinary share for discontinued operations	12	(0.20)	(0.41)	nm*
Diluted (cents)				
Earning per ordinary share for continuing operations	12	2.46	(2.19)	nm*
Earning per ordinary share for discontinued operations	12	(0.20)	(0.41)	nm*

*nm denotes not meaningful

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Condensed interim statements of financial position

	Note	Group		Company	
		31 December		31 December	
		30 June 2024	2023	30 June 2024	2023
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	13	19,216	19,423	4,310	4,510
Right-of-use assets		5,870	6,034	24	47
Intangible assets	14	161	163	158	154
Investment in subsidiaries		-	-	13,028	13,028
Investment securities		256	250	256	250
Restricted deposits		142	142	-	-
		<u>25,645</u>	<u>26,012</u>	<u>17,776</u>	<u>17,989</u>
Current assets					
Investment securities		3,510	3,560	3,510	3,560
Cash and cash equivalents		19,067	16,382	12,071	8,258
Fixed deposits pledged with banks		12,825	12,750	8,825	8,750
Inventories		20,090	24,228	4,534	5,000
Trade and other receivables	15	58,529	50,383	45,330	49,770
Prepaid expenses		384	215	145	65
		<u>114,405</u>	<u>107,518</u>	<u>74,415</u>	<u>75,403</u>
Assets of disposal group classified as held for sales		-	3,528	-	-
		<u>114,405</u>	<u>111,046</u>	<u>74,415</u>	<u>75,403</u>
Total assets		<u>140,050</u>	<u>137,058</u>	<u>92,191</u>	<u>93,392</u>
Current liabilities					
Lease liabilities		566	537	15	29
Trade and other payables	16	8,631	10,422	17,819	22,073
Bank borrowings	19	4,432	2,064	418	413
Provision for income tax		738	14	-	-
Derivative financial instruments*	17	2	314	11	201
		<u>14,369</u>	<u>13,351</u>	<u>18,263</u>	<u>22,716</u>
Liabilities directly associated with disposal group classified as held for sale		-	4,811	-	-
		<u>14,369</u>	<u>18,162</u>	<u>18,263</u>	<u>22,716</u>
Total liabilities		<u>27,053</u>	<u>31,898</u>	<u>18,433</u>	<u>23,104</u>
Net assets		<u>112,997</u>	<u>105,160</u>	<u>73,758</u>	<u>70,288</u>
Equity attributable to owners of the Company					
Share capital	21	81,754	77,463	81,754	77,463
Treasury shares		(3,034)	(3,034)	(3,034)	(3,034)
Other reserves		2,853	2,997	2,527	2,527
Accumulated profits/(losses)		31,423	30,238	(7,489)	(6,668)
		<u>112,996</u>	<u>107,664</u>	<u>73,758</u>	<u>70,288</u>
Non-controlling interests		1	(2,504)	-	-
Total equity		<u>112,997</u>	<u>105,160</u>	<u>73,758</u>	<u>70,288</u>
Total equity and liabilities		<u>140,050</u>	<u>137,058</u>	<u>92,191</u>	<u>93,392</u>

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

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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 2024	77,463	(3,034)	2,527	(212)	682	30,238	107,664	(2,504)	105,160
Profit for the period	-	-	-	-	-	3,414	3,414	33	3,447
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	(85)	-	(85)	(50)	(135)
Reclassification of currency translation reserve to profit or loss	-	-	-	-	(59)	-	(59)	-	(59)
Other comprehensive income for the period, net of tax	-	-	-	-	(144)	-	(144)	(50)	(194)
Total comprehensive (loss)/income for the period	-	-	-	-	(144)	3,414	3,270	(17)	3,253
<u>Contribution by and distributions to owners</u>									
Issuance of ordinary shares	4,291	-	-	-	-	-	4,291	-	4,291
Total contribution by and distributions to owners	4,291	-	-	-	-	-	4,291	-	4,291
<u>Change in ownership interest in subsidiary</u>									
Disposal of a subsidiary	-	-	-	-	-	(2,229)	(2,229)	2,522	293
Total change in ownership interest in subsidiary	-	-	-	-	-	(2,229)	(2,229)	2,522	293
Total transactions with owners in their capacity as owners	4,291	-	-	-	-	(2,229)	2,062	2,522	4,584
At 30 June 2024	81,754	(3,034)	2,527	(212)	538	31,423	112,996	1	112,997

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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 2023	70,496	(3,034)	2,527	(212)	688	34,388	104,853	(1,790)	103,063
Loss for the period	-	-	-	-	-	(3,253)	(3,253)	(491)	(3,744)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	(92)	-	(92)	(27)	(119)
Other comprehensive income for the period, net of tax	-	-	-	-	(92)	-	(92)	(27)	(119)
Total comprehensive income for the period	-	-	-	-	(92)	(3,253)	(3,345)	(518)	(3,863)
<u>Contribution by and distributions to owners</u>									
Dividends on ordinary shares	-	-	-	-	-	(3,132)	(3,132)	-	(3,132)
Total contribution by and distributions to owners	-	-	-	-	-	(3,132)	(3,132)	-	(3,132)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(3,132)	(3,132)	-	(3,132)
At 30 June 2023	70,496	(3,034)	2,527	(212)	596	28,003	98,376	(2,308)	96,068

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

<u>Company</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2024	77,463	(3,034)	2,527	(6,668)	70,288
Loss for the period, representing total comprehensive loss for the period	-	-	-	(821)	(821)
<u>Contributions by and distributions to owners</u>					
Issuance of ordinary shares	4,291	-	-	-	4,291
Total transactions by and distributions to owners	4,291	-	-	-	4,291
Total transactions with owners in their capacity as owners	4,291	-	-	-	4,291
At 30 June 2024	81,754	(3,034)	2,527	(7,489)	73,758
At 1 January 2023	70,496	(3,034)	2,527	(3,541)	66,448
Loss for the period, representing total comprehensive income for the period	-	-	-	(1,448)	(1,448)
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	-	-	-	(3,132)	(3,132)
Total transactions by and distributions to owners	-	-	-	(3,132)	(3,132)
Total transactions with owners in their capacity as owners	-	-	-	(3,132)	(3,132)
At 30 June 2023	70,496	(3,034)	2,527	(8,121)	61,868

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Condensed Interim Financial Statements for the Half Year Ended 30 June 2024

Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before income tax from continuing operations	4,437	(2,729)
Profit/(loss) before income tax from discontinued operations	(264)	(948)
	<u>4,173</u>	<u>(3,677)</u>
Adjustments for:		
Bad debts write off	2	28
Depreciation of property, plant and equipment	882	1,139
Depreciation of right-of-use assets	423	470
Amortisation of intangible assets	15	18
Gain on disposal of property, plant and equipment	(9)	(66)
Write-off of intangible assets	-	62
Write down of inventories	194	996
Loss on disposal of subsidiary	339	-
(Reversal)/allowance of impairment loss on financial assets	(48)	65
Fair value gain on derivatives, net	(312)	(555)
Finance costs	283	805
Interest income	(264)	(204)
Unrealised foreign exchange loss, net	(193)	191
Operating cash flow before changes in working capital	<u>5,485</u>	<u>(728)</u>
Working capital changes:		
Inventories	3,943	34,736
Trade and other receivables	(7,253)	(2,358)
Prepaid expenses	(262)	(418)
Trade and other payables	(2,537)	(4,021)
Cash (used in)/generated from operations	<u>(624)</u>	<u>27,211</u>
Interest expense paid	(283)	(996)
Interest income received	312	174
Income tax paid	(2)	(248)
Net cash flows (used in)/generated from operating activities	<u>(597)</u>	<u>26,141</u>
Cash flows from investing activities		
Net cash outflow from disposal of a subsidiary	(1,398)	-
Fixed deposit pledged with banks	(75)	(1,029)
Proceeds from disposal of property, plant and equipment	111	95
Proceeds from maturity of investment securities	-	1,000
Purchase of property, plant and equipment	(677)	(1,228)
Purchase of intangible assets	(13)	(22)
Net cash flows used in investing activities	<u>(2,052)</u>	<u>(1,184)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares in the Company	4,291	-
Dividends paid on ordinary shares of the Company	-	(3,132)
Proceeds from bank borrowings	8,948	15,741
Repayment of bank borrowings	(7,549)	(33,915)
Principal element of lease payments	(312)	(402)
Net cash flows generated from/(used in) financing activities	<u>5,378</u>	<u>(21,708)</u>
Net increase in cash and cash equivalents	2,729	3,249
Effects on exchange rate changes on cash and cash equivalents	(155)	(27)
Cash and cash equivalents at beginning of financial period	<u>16,493</u>	<u>15,407</u>
Cash and cash equivalents at end of financial period	<u>19,067</u>	<u>18,629</u>

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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:

	<u>30 June 2024</u>	<u>30 June 2023</u>
	S\$'000	S\$'000
Cash and cash equivalents		
- Continuing operations	19,067	18,178
- Discontinued operations	-	451
	<u>19,067</u>	<u>18,629</u>

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Condensed Interim Financial Statements for the Half Year Ended 30 June 2024

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 end 30 June 2024 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 ended 30 June 2024 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 annual financial statements for the year ended 31 December 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 2024. 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

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 2023.

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

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

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

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

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

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

(a) Allowance for expected credit losses of trade receivables

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

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

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

The carrying amount of trade receivables as at 30 June 2024 was S\$49,811,000 (31 December 2023: S\$41,030,000) 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.

The carrying amount of the inventories as at 30 June 2024 was S\$20,090,000 (31 December 2023: S\$24,228,000). Included in the carrying amount of the inventories is an allowance of write-down of inventories of S\$586,000 (31 December 2023: S\$492,000).

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

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

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

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

The net book value of the Group's property, plant and equipment and right-of-use assets as at 30 June 2024 were S\$19,216,000 and S\$5,870,000 respectively (31 December 2023: S\$19,423,000 and S\$6,034,000).

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 30 June 2024.

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

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.

	Continuing Operations				Group S\$'000
	Trading S\$'000	Manufacturing S\$'000	Others S\$'000	Adjustment/ elimination S\$'000	
1 January 2024 to 30 June 2024					
Revenue					
Sales to external customers	6,737	66,370	-	-	73,107
Inter-segment sales	13,953	1,801	-	(15,754)	-
Total	20,690	68,171	-	(15,754)	73,107
Results					
Other income	1,493	2,148	-	(3,255)	386
Dividend income	2,430	-	-	(2,430)	-
Government grant income	19	25	-	-	44
Interest income	470	64	5	(275)	264
Gain from disposal property, plant and equipment	-	-	-	9	9
Fair value loss from derivatives	190	122	-	-	312
Write-down of inventories	(194)	-	-	-	(194)
Bad debts write-off	-	(2)	-	-	(2)
Interest expense	(11)	(592)	-	275	(328)
Depreciation and amortisation of assets	(207)	(717)	(2)	29	(897)
Depreciation of right-of-use assets	(23)	(400)	-	-	(423)
Segment (loss)/profit	(482)	3,870	(21)	1,070	4,437
Income tax expenses					(726)
Profit for the period					3,711
Assets and liabilities					
*Additions to non-current assets	11	927	-	111	1,049
Segment assets	92,193	110,831	12,596	(75,570)	140,050
Segment liabilities	18,432	65,958	1,295	(60,001)	25,684
Tax payable					738
Deferred tax liabilities					631
Total liabilities					27,053

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

6. Segment information (cont'd)

	Continuing Operations				Total S\$'000
	Trading S\$'000	Manufacturing S\$'000	Others S\$'000	Adjustment/ elimination S\$'000	
<u>1 January 2023 to 30 June 2023</u>					
Revenue					
Sales to external customers	14,944	51,354	-	-	66,298
Inter-segment sales	6,278	1,473	-	(7,751)	-
Total	<u>21,222</u>	<u>52,827</u>	<u>-</u>	<u>(7,751)</u>	<u>66,298</u>
Results					
Other income	1,117	1,581	14	(2,579)	133
Dividend income	595	-	-	(595)	-
Government grant income	20	22	-	-	42
Interest income	126	68	10	-	204
Gain from disposal property, plant and equipment	62	-	-	-	62
Fair value gain from derivatives	42	513	-	-	555
Write-down of inventories	(930)	-	-	-	(930)
Bad debts write-off	(28)	-	-	-	(28)
Interest expense	(62)	(572)	-	-	(634)
Depreciation and amortisation of assets	(257)	(696)	(3)	-	(956)
Depreciation of right-of-use assets	(99)	(341)	-	-	(440)
Segment loss	<u>(1,441)</u>	<u>(712)</u>	<u>(37)</u>	<u>(539)</u>	<u>(2,729)</u>
Income tax expense					(10)
Loss for the period					<u>(2,739)</u>
Assets and liabilities					
*Additions to non-current assets	532	1,372	-	-	1,904
Segment assets	<u>80,781</u>	<u>88,094</u>	<u>13,771</u>	<u>(59,343)</u>	<u>123,303</u>
Segment liabilities	<u>18,912</u>	<u>54,499</u>	<u>1,440</u>	<u>(48,405)</u>	<u>26,446</u>
Deferred tax liabilities					631
Total liabilities					<u>27,077</u>

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

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	Group S\$'000
<u>1 January 2024 to 30 June 2024</u>				
Sales to external customers	73,058	26	23	73,107
Non-current assets	24,912	335	-	25,247
<u>1 January 2023 to 30 June 2023</u>				
Sales to external customers	64,980	990	328	66,298
Non-current assets	25,809	343	-	26,152

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

7. Disaggregation of revenue

	Group		
	6 months ended 30 June 2024		
	Trading	Manufacturing	Group
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	5,677	7,240	12,917
Cut & bend (at a point in time)	-	59,130	59,130
Rental of steel plates (over time)	1,060	-	1,060
Total Revenue	6,737	66,370	73,107

	Group		
	6 months ended 30 June 2023		
	Trading	Manufacturing	Group
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	13,813	3,753	17,566
Cut & bend (at a point in time)	-	47,601	47,601
Rental of steel plates (over time)	1,131	-	1,131
Total Revenue	14,944	51,354	66,298

8. Profit/(loss) before income tax

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
Profit/(Loss) before tax from continuing operations is arrived at after crediting/(charging) the following:		
Bad debts write-off	(2)	(28)
Depreciation of property, plant and equipment	(882)	(943)
Depreciation of right-of-use assets	(423)	(440)
Amortisation of intangible assets	(15)	(13)
Gain on disposal of property, plant and equipment	9	62
Reversal/(allowance) of impairment loss on financial assets	48	(78)
Fair value gain on derivatives, net	312	555
Foreign exchange gain/(loss), net	317	(142)
Interest income	264	204
Finance costs	(328)	(634)
Write down of inventories	(194)	(930)

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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 period:

	Company	
	6 months ended	6 months ended
	30 June 2024	30 June 2023
	S\$'000	S\$'000
<i>With subsidiaries</i>		
Sales	13,953	6,278
Dividend income	2,430	595
Management fee income	945	626
Interest income	275	-
Other income	437	444
Rental expenses	(385)	(383)
Other expenses	(64)	-

	Group		Company	
	6 months ended	6 months ended	6 months ended	6 months ended
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<i>With companies related to directors of the Company</i>				
Other charges	-	(2)	-	(2)

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

10. Discontinued operations and disposal group classified as held for sale

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 were 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. Accordingly, this had been classified as a disposal group held for sale and the related operations in Myanmar were presented as discontinued operations.

On 13 February 2024, the Group announced that it had entered into a sale and purchase agreement (the “SPA”) with Aung Tin Htut (the “Buyer”), in relation to the disposal of all the ordinary shares it owned in the capital of its subsidiary, namely FFI to the buyer.

The completion of the disposal had taken place concurrently with the signing of the SPA.

a) The results of the FFI were as follows:

	1 January 2024 to 13 February 2024	1 January 2023 to 30 June 2023
	S\$'000	S\$'000
Revenue	-	2,353
Cost of sales	-	(2,063)
Gross profit	-	290
Other gains/(losses)	102	(131)
Selling, administrative and other operating expenses	(366)	(1,107)
Loss before income tax from discontinued operations	(264)	(948)
Income tax expense	-	(57)
Net loss for the period from discontinued operations	(264)	(1,005)

b) The net cash flow incurred by FFI were as follows:

	1 January 2024 to 13 February 2024	1 January 2023 to 30 June 2023
	S\$'000	S\$'000
Operating cash inflows	19	1,207
Investing cash inflows	-	16
Financing cash outflows	(61)	(1,431)
Total cash outflows	(42)	(208)

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

10. Discontinued operations and disposal group classified as held for sale (cont'd)

c) Loss on disposal of FFI

	<u>13 February 2024</u>
	S\$'000
FFI carrying amounts of assets and liabilities as at the date of disposal	
Property, plant and equipment	2,298
Right-of-use assets	1,783
Inventories	8
Income tax recoverable	88
Cash and bank balances	71
Total assets	<u>4,248</u>
Trade and other payables	(1,493)
Bank borrowings	(3,349)
Total liabilities	<u>(4,842)</u>
Net liabilities derecognised	(594)
Less: Non-controlling interests	(291)
Net liabilities disposal of FFI	<u>(303)</u>
Cash proceed on disposal of FFI	2,427
Net liabilities disposal of FFI	303
The Company paid off outstanding bank borrowings of FFI and related expenses*	(3,417)
Other disposal expenses	(337)
Loss on disposal of the FFI**	<u>(1,024)</u>

*The Company has provided a corporate guarantee for the bank borrowings extended to FFI. On 13 February 2024, the Company disposed all the ordinary shares it owned in the capital of FFI to the Buyer. Based on the SPA, the responsibility of FFI's outstanding bank loan would be settled by the Company.

** The Group provided loss on disposal of S\$685,000 in the FY2023 financial statements. The increase in loss on disposal mainly attributed to other disposal expenses incurred.

d) Cash outflow on disposal of FFI:

	<u>13 February 2024</u>
	S\$'000
Cash proceeds on disposal of FFI	2,427
Less:	
The Company paid off outstanding bank borrowings of FFI and related expenses	(3,417)
Other disposal expenses	(337)
Cash and bank balances in FFI	(71)
Cash outflow on disposal	<u>(1,398)</u>

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

11. Income tax expense

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

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
Current income tax expense		
Current financial year		
- Attributable to continuing operations	726	10
Under provision in respect of previous years		
- Attributable to discontinued operations	-	57
Total income tax expenses recognised in the statement of comprehensive income	726	67

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

12. Earnings per shares

	Group	
	<u>6 months ended</u> <u>30 June 2024</u>	<u>6 months ended</u> <u>30 June 2023</u>
<u>Earnings per ordinary share for continuing operations:</u>		
Basic (cents)	2.46	(2.19)
Diluted (cents)	2.46	(2.19)
<u>Earnings per ordinary share for discontinued operations:</u>		
Basic (cents)	(0.20)	(0.41)
Diluted (cents)	(0.20)	(0.41)
<u>Total earnings per ordinary shares for continuing and discontinued operations:</u>		
Basic (cents)	2.26	(2.60)
Diluted (cents)	2.26	(2.60)

Earnings per share were calculated based on weighted average number of shares of 150,622,320 and 125,297,035 for the period ended 30 June 2024 and 30 June 2023 respectively.

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

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

13. Property, plant and equipment

	Group									
	Freehold land S\$'000	Buildings S\$'000	Leasehold buildings S\$'000	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Construction in progress S\$'000	Total S\$'000
Cost										
At 31 December 2023	172	228	19,382	21,524	314	573	70	2,502	293	45,058
Additions	-	-	5	635	24	2	-	-	111	777
Disposal and write-off	-	-	-	(1,775)	-	(37)	-	(76)	-	(1,888)
Reclassifications	-	-	-	404	-	-	-	-	(404)	-
At 30 June 2024	172	228	19,387	20,788	338	538	70	2,426	-	43,947
Accumulated depreciation										
At 31 December 2023	-	68	9,065	13,713	289	469	34	1,997	-	25,635
Charge for the period	-	2	331	482	9	27	7	24	-	882
Disposal and write-off	-	-	-	(1,674)	-	(36)	-	(76)	-	(1,786)
At 30 June 2024	-	70	9,396	12,521	298	460	41	1,945	-	24,731
Net carrying amount										
At 31 December 2023	172	160	10,317	7,811	25	104	36	505	293	19,423
At 30 June 2024	172	158	9,991	8,267	40	78	29	481	-	19,216

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with aggregate cost S\$777,000 (30 June 2023: S\$1,883,000). The Group disposed property, plant and equipment for S\$111,000 (30 June 2023: S\$97,000)

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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 31 December 2023	9,419	264	444	56	2,312	12,495
Disposal and write-off	-	-	(1)	-	-	(1)
At 30 June 2024	9,419	264	443	56	2,312	12,494
Accumulated depreciation						
At 31 December 2023	5,463	255	359	29	1,879	7,985
Charge for the period	132	3	21	6	38	200
Disposal and write-off	-	-	(1)	-	-	(1)
At 30 June 2024	5,595	258	379	35	1,917	8,184
Net carrying amount						
At 31 December 2023	3,956	9	85	27	433	4,510
At 30 June 2024	3,824	6	64	21	395	4,310

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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 31 December 2023	1,061	143	1,204
Additions	13	-	13
At 30 June 2024	1,074	143	1,217
Accumulated amortisation			
At 31 December 2023	1,041	-	1,041
Amortisation	15	-	15
At 30 June 2024	1,056	-	1,056
Net carrying amount			
At 31 December 2023	20	143	163
At 30 June 2024	18	143	161

	Company		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
Cost			
At 31 December 2023	944	143	1,087
Additions	12	-	12
At 30 June 2024	956	143	1,099
Accumulated amortisation			
At 31 December 2023	933	-	933
Amortisation	8	-	8
At 30 June 2024	941	-	941
Net carrying amount			
At 31 December 2023	11	143	154
At 30 June 2024	15	143	158

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

15. Trade and other receivables

	Group	
	30 June 2024	31 December 2023
	S\$'000	S\$'000
Trade receivables	51,452	42,715
Allowance for expected credit loss	(1,641)	(1,685)
Total trade receivables	49,811	41,030
Advances to suppliers	8,479	8,974
Deposits	213	207
Other receivables	57	60
GST receivables	-	147
Allowance for expected credit loss	(31)	(35)
Total other receivables	8,718	9,353
Total trade and other receivables	58,529	50,383

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)

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
At beginning of the period	1,685	4,253
Reclassification to assets of disposal group classified as held for sale	-	(2,207)
(Reversal of allowance)/allowance for expected credit loss	(44)	71
Write off during the period	-	(432)
Translation difference	-	(3)
At end of period	1,641	1,682

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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	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
At beginning of the period	35	31
(Reversal of allowance)/allowance for expected credit loss	(4)	7
Translation difference	-	(2)
At end of period	31	36

The Group has reversed an allowance for expected credit losses of S\$48,000 for the current financial period ended 30 June 2024.

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 with 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					Total S\$'000
	Less than 3 months past due S\$'000	3 months to 6 months past due S\$'000	6 months to 12 months past due S\$'000	More than 12 months past due S\$'000	Current S\$'000	
Singapore:						
30 June 2024						
Gross amount	20,373	24,723	4,400	395	1,560	51,451
Loss allowance provision	(18)	(14)	(17)	(32)	(1,560)	(1,641)
	20,355	24,709	4,383	363	-	49,810
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)
	18,337	20,655	1,258	672	4	40,926
Other geographical areas:						
30 June 2024						
Gross amount	1	-	-	-	-	1
Loss allowance provision	-	-	-	-	-	-
	1	-	-	-	-	1
31 December 2023						
Gross amount	55	49	-	-	-	104
Loss allowance provision	-	-	-	-	-	-
	55	49	-	-	-	104

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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	
	30 June 2024	31 December 2023
	S\$'000	S\$'000
By country:		
Indonesia	-	63
Malaysia	1	41
Singapore	49,810	40,926
	<u>49,811</u>	<u>41,030</u>
By industry sectors:		
Trading	980	565
Construction	48,269	39,954
Others	562	511
	<u>49,811</u>	<u>41,030</u>

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

16. Trade and other payables

	<u>Group</u>	
	30 June 2024	31 December 2023
	S\$'000	S\$'000
Trade payables	5,134	7,731
Other payables:		
Deposits from customers	30	23
Accrued operating expenses	1,726	1,267
Other payables	1,279	1,401
GST payables	462	-
Total trade and other payables	8,631	10,422

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 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 30 June 2024 and 31 December 2023.

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables	50,050	41,262	44,282	42,022
Bank balances and fixed deposits	32,034	29,274	20,896	17,008
Investment securities	3,766	3,810	3,766	3,810
Total financial assets at amortised cost	85,850	74,346	68,944	62,840
Financial liabilities at amortised cost				
Trade and other payables	8,169	10,311	17,663	22,018
Lease liabilities	5,348	5,402	43	64
Bank borrowings	10,131	8,732	560	766
Total financial liabilities at amortised cost	23,648	24,445	18,266	22,848
Financial liabilities at fair value through profit and loss				
Derivative financial instruments	2	314	11	201
Total financial liabilities at fair value through profit and loss	2	314	11	201

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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			
	30 June 2024			
	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	-	(2)	-	(2)
	-	(2)	-	(2)

	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)

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

19. Borrowings

	Group				Company			
	30 June 2024		31 December 2023		30 June 2024		31 December 2023	
	Secured*	Lease liabilities	Secured*	Lease liabilities	Secured*	Lease liabilities	Secured*	Lease liabilities
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Repayable within one year	4,432	566	2,064	537	418	15	413	29
Repayable after one year	5,699	4,782	6,668	4,865	142	28	353	35
Total	10,131	5,348	8,732	5,402	560	43	766	64

*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 \$28,037,000 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.

	30 June 2024	30 June 2023
<u>Share capital</u>	S\$'000	S\$'000
At 1 January	77,463	70,496
Issuance of ordinary shares	4,291	-
At 30 June	81,754	70,496

	30 June 2024	30 June 2023
<u>Total number of issued shares</u>		
At 1 January	155,670,771	130,611,365
Issuance of ordinary shares	16,130,000	-
At 30 June	171,800,771	130,611,365
Treasury shares	(5,314,330)	(5,314,330)
Total number of issued shares excluding treasury shares	166,486,441	125,297,035

	30 June 2024	30 June 2023
Number of issued shares (excluding treasury shares)	166,486,441	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)	3.19%	4.24%

There were no sales, transfers, disposal, cancellation and/or use of treasury shares in 1H2024 (1H2023: Nil).

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

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

Issuance from share placement

On 28 June 2024, the Company completed an allotment and issuance of 16,130,000 Placement Shares to Green EsteeL Pte. Ltd at an issue price of S\$0.266 per placement share, which amounted to a cash consideration of S\$4,290,580.

As at date of this announcement, the utilisation of net proceeds raised by the Company from this placement and previous placements is as follows;

Date of share placement	Use of net proceeds	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
19-Sep-23	General working capital	6,890	6,466*	424
28-Jun-24	General working capital	4,111**	-	4,111
	Total	11,001	6,466	4,535

* General working capital consists of purely trade payment for purchase of inventory

** Net of share placement expenses of approximately S\$180,000.

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.

	30 June 2024 S\$'000	31 December 2023 S\$'000
Share capital	81,754	77,463

	30 June 2024	31 December 2023
Total number of issued shares	171,800,771	155,670,771
Treasury shares	(5,314,330)	(5,314,330)
Total number of issued shares excluding treasury shares	166,486,441	150,356,441

There was no sale, transfer, disposal, cancellation and use of treasury shares during the current financial period ended 30 June 2024.

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

22. Dividends

	<u>Group</u>	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S\$'000	S\$'000
Ordinary dividend paid: Final dividend in respect of the financial year ended 31 December 2023 (Nil) and 31 December 2022 approved and paid during respective financial year, S\$0.025 per ordinary share (2022)	-	3,132

23. Net asset value

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Net asset value per ordinary share (S\$)	0.68	0.72	0.44	0.47

24. Seasonality of operations

The Group's businesses are not significantly affected by seasonal or cyclical factor during the current financial period ended 30 June 2024.

25. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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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 30 June 2024 and related condensed consolidated profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months 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 (1H2024 vs 1H2023)

Revenue and Gross Profit

The Group achieved revenue of S\$73.1 million in 1H2024, which was 10% higher than the revenue of S\$66.3 million reported in 1H2023. The increase in revenue was mainly due to a 27% increase in the sales volume but negatively impacted by a 13% reduction in the average selling price on a year-on-year basis in tandem with the decline in market steel prices.

The overall gross profit margin for 1H2024 improved to 13.6% from 6.2% in 1H2023. This was mainly due to a lower weighted-average cost of materials as the Group took proactive steps to deplete the high-cost inventory on hand since 2H2023.

Due to reasons aforementioned, the Group recorded an increase in gross profit to S\$9.9 million in 1H2024 from S\$4.1 million in 1H2023.

Other Operating Income

Other operating income increased marginally by S\$19,000 in 1H2024 compared to 1H2023. This was mainly due to an increase in gain from foreign exchange of S\$0.3 million that was substantially offset by S\$0.2 million in fair value loss for foreign currency contracts and approximately S\$0.1 million in reduction in rental and other miscellaneous income.

Selling and Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses in 1H2024 increased by 125% to S\$0.6 million in comparison with S\$0.3 million in 1H2023 in line with an increase in sales volume with more out-sourced logistics services engaged.

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

There was a slight decrease in administrative expenses of approximately S\$0.1 million in 1H2024. This was mainly attributed to change in management structure since 2H2023 that led to lower salary cost of S\$0.3 million. However, a S\$0.2 million increase in other administrative costs (such as share placement and insurance) offset a portion of this saving.

Other operating expenses incurred in 1H2024 declined to S\$1.6 million, from S\$2.8 million in 1H2023. The decrease was mainly due to the following reasons:

- (i) S\$0.7 million reduction in impairment provision for inventories;
- (ii) Absence of rental expense for a third-party warehouse of S\$0.4 million;
- (iii) S\$0.1 million reduction in foreign exchange loss;

Total finance costs incurred were primarily related to borrowing for trade financing, term loans from banks, construction loans and leases for properties redevelopment. Total finance cost incurred in 1H2024 decreased in comparison with 1H2023 mainly due to reduced borrowing on trade financing and repayment of term loan.

Profitability

Continuing operations

Due to reasons stated above, the Group reported an improvement in net profit before tax to S\$4.4 million in 1H2024 from a loss before tax of S\$2.7 million in 1H2023 for the continuing operations.

Total taxation expense was S\$0.7 million for 1H2024 as compared to S\$10,000 for 1H2023. A higher tax expense provision was required in tandem with the Group's improved profitability position in 1H2024 for the continuing operations.

The Group recorded a net profit after tax of S\$3.7 million in 1H2024 compared to a net loss after tax of S\$2.7 million in 1H2023 for the continuing operations.

Discontinued operations

The Group recorded a net loss after tax of S\$264k in 1H2024 from a discontinued operation. The discontinued operation was disposed of on 13 February 2024.

Balance Sheet

The Group's non-current assets, which comprised mainly property, plant and equipment and right-of-use assets were S\$25.6 million as of 30 June 2024 compared to S\$26.0 million as at 31 December 2023.

As of 30 June 2024, the Group's inventory on hand reduced to S\$20.1 million from S\$24.2 million as at 31 December 2023 which is in line with the Group's strategy to optimize its inventory holding.

Trade and other receivables amounted to S\$58.5 million as of 30 June 2024 as compared to S\$50.4 million as at 31 December 2023. The increase of S\$8.1 million was mainly attributed to an increase in trade receivables in tandem with higher revenue generated in 1H2024.

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

Trade and other payables decreased to S\$8.6 million as of 30 June 2024, down from S\$10.4 million as of 31 December 2023 mainly due to repayment for suppliers' invoices.

Total bank borrowings increased to S\$10.1 million as of 30 June 2024 from S\$8.7 million as of 31 December 2023 mainly due to an increase in trade financing borrowings by the Group during the current financial period.

Statement of Cash Flows

The Group recorded net cash outflows from operating activities of S\$0.6 million in the current period. This was due to profit from operations, offset by net decrease in working capital, mainly attributed to an increase in trade and other receivables.

Net cash flows used in investing activities for 1H2024 was S\$2.1 million, mainly due to purchase of non-current assets of S\$0.7 million and S\$1.4 million in net cash outflow from disposal of a subsidiary.

Net cash flows generated from financing activities for 1H2024 was S\$5.4 million, mainly due to proceeds of S\$4.3 million from share placement and net proceeds of S\$1.4 million from bank borrowings after offsetting principal lease repayments of S\$0.3 million.

The Group's cash and cash equivalents were S\$19.1 million as at 30 June 2024 in comparison to S\$18.6 million as at 30 June 2023.

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 period ended 30 June 2024 is in line with the Group's announcement on 24 July 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

On 12 July 2024, the Ministry of Trade and Industries ("MTI") released the Advance GDP estimate for Q2 2024¹. The Singapore's economy posted a 2.9% growth in the second quarter of 2024 from a year earlier, extending the 3.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.4%, up from the previous quarter's revised 0.3% growth figure.

The growth in 2Q 2024 was bolstered by a 0.5% year-on-year rebound in manufacturing, reversing from a 1.7% contraction in the first three months of the year. Meanwhile, the Construction sector continued the grew momentum. It reported a growth of 4.3% in 2Q 2024, extending the growth of 4.1% reported in Q1 2024. Growth for the sector was supported by an increase in public sector construction output.

On 26 July 2024, the Monetary Authority of Singapore released its policy statement and indicated that it expects the economy to strengthen over the rest of 2024, with growth coming in closer to its potential rate of 2–3%². Notwithstanding this optimism, uncertainties over the changes in global geopolitical landscape and ongoing global battle against inflation will continue to pose challenges to the global economy. On the other hand, steel price remains under pressure and has not shown signs of recovery since declining from a multi-year high in 2021. Steel demand from China, which consumes more than half of global output remains weak due to the slowdown in China's real estate and construction market.

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

The Group's sales volume and revenue for the continuing business operations increased by 27% and 10% respectively in 1H2024 compared to same period last year, driven by positive volume growth for the Construction Steel business segment and partially offset by decline in average selling price of steel over the period. Overall financial performance improved considerably compared to 1H 2023 as we stemmed the loss caused by the cessation of business in a Myanmar subsidiary that was subsequently disposed in February 2024 and depleted the high-cost inventory that was in the book of the Group in FY2023.

During the six months ended 30 June 2024, the Group's construction steel business segment continued to make efforts to win new contracts and maintain existing contracts. With the positive outlook for the Singapore economy and construction industry, we will continue to work hard to improve our sales order book.

On 27 June 2024, the Company's shareholders approved the placement of 50,103,000 new ordinary shares to its substantial shareholder Green Estee Pte Ltd. The first tranche of the placement of 16,130,000 shares was concluded on 28 June 2024. We welcome Green Estee as a strategic investor of the Company. With Green Estee's strong financials, extensive networks and familiarity with the regional business environment, these will make them a valuable partner to implement the Group's business strategy.

¹<https://www.mti.gov.sg/Newsroom/Press-Releases/2024/04/Singapore-GDP-Grew-by-2.9-Per-Cent-in-the-Second-Quarter-of-2024>

²<https://www.mas.gov.sg/news/monetary-policy-statements/2024/mas-monetary-policy-statement-26jul24>

30. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial year reported on?

No interim dividend is recommended.

(b) Corresponding period of the immediately preceding financial year

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

No dividend was declared for the financial period ended 30 June 2023.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

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

No dividend has been declared or recommended for the current financial period as the Company intends to conserve its cash to support its immediate operating and financial needs.

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 period ended 30 June 2024 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. Statement pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of HG Metal Manufacturing Limited which may render the unaudited financial results for the period ended 30 June 2024 to be false or misleading in any material respect.

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 half-year ended 30 June 2024.

On behalf of the Board,

Ong Hwee Li

Chairman

Xiao Xia

Executive Director and Chief Executive Officer

8 August 2024