



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Financial Statements and Dividend Announcement for Year Ended 31 December 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3& Q4), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) A Statement of Comprehensive Income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	4Q 2016 S\$'000	4Q 2015 S\$'000	% (+/-)	FY 2016 S\$'000	FY 2015 S\$'000	% (+/-)
Revenue	35,820	25,283	42	108,529	127,869	(15)
Cost of sales	(33,913)	(24,732)	37	(102,491)	(122,848)	(17)
Gross profit	1,907	551	246	6,038	5,021	20
Gross margin	5.3%	2.2%		5.6%	3.9%	
Other operating income	2,918	2,397	22	9,888	8,923	11
Selling & distribution costs	(50)	(133)	(62)	(220)	(816)	(73)
Administrative expenses	(1,996)	(2,373)	(16)	(8,095)	(9,284)	(13)
Other operating expenses	(2,486)	(5,101)	(51)	(9,006)	(12,277)	(27)
Finance costs	(4)	(57)	(93)	(95)	(239)	(60)
Share of associate results	522	288	81	2,386	3,036	(21)
Profit/(loss) before income tax	811	(4,428)	nm*	896	(5,636)	nm*
Income tax credit/(expenses)	-	-	nm*	10	(12)	nm*
Net profit/(loss) for the year	811	(4,428)	nm*	906	(5,648)	nm*
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss :						
Foreign currency translation	(56)	138	nm*	(43)	(23)	nm*
Share of other comprehensive income of associates	(68)	145	nm*	(192)	(281)	nm*
Other comprehensive income for the year, net of tax	(124)	283	nm*	(235)	(304)	nm*
Total comprehensive income for the year	687	(4,145)	nm*	671	(5,952)	nm*
Profit/(loss) attributable to:						
Owners of the Company	815	(4,278)	nm*	896	(5,455)	nm*
Non-controlling interests	(4)	(150)	nm*	10	(193)	nm*
	811	(4,428)	nm*	906	(5,648)	nm*
Total comprehensive income attributable to:						
Owners of the Company	697	(4,015)	nm*	666	(5,712)	nm*
Non-controlling interests	(10)	(130)	nm*	5	(240)	nm*
	687	(4,145)	nm*	671	(5,952)	nm*

*nm denotes not meaningful

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1(a)(ii) Notes to the Statement of Comprehensive Income for the Group

Profit/(loss) before tax is arrived at after crediting/(charging) the following:	Group		Group	
	4Q 2016	4Q 2015	FY 2016	FY 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for impairment of receivables	(55)	(129)	(30)	(195)
Bad debts recovered/(written off)	1	27	(6)	37
Amortisation of intangible assets	(7)	(7)	(29)	(31)
Recognition of deferred income	358	358	1,429	1,429
Depreciation of property, plant and equipment	(645)	(706)	(2,539)	(2,420)
Fair value gain on investment held for trading	-	34	-	234
Fair value (loss)/gain on derivatives, net	(309)	468	(344)	(59)
Foreign exchange gain/(loss), net	674	(453)	552	(7)
Interest income	48	49	272	74
Finance cost	(4)	(57)	(95)	(239)
Gain on disposal of property, plant and equipment	29	52	326	95
Write off of property, plant and equipment	-	-	(33)	(46)
Impairment of property, plant and equipment	(22)	(538)	(22)	(538)
Write off of inventories	-	(26)	-	(34)
Reversal of impairment/(impairment) of inventories, net	210	(2,009)	227	(2,139)

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1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Non-current assets				
Property, plant and equipment	13,864	14,905	9,421	9,400
Intangible assets	65	92	61	89
Investment in subsidiaries	-	-	13,147	13,147
Investment in associates	50,855	49,503	505	505
	64,784	64,500	23,134	23,141
Current assets				
Inventories	14,217	5,381	12,269	4,381
Trade and other receivables	34,758	31,889	49,142	46,362
Income tax recoverable	-	61	-	-
Prepaid expenses	316	191	263	178
Bank balances and fixed deposits	37,742	50,514	27,065	33,701
	87,033	88,036	88,739	84,622
Current liabilities				
Trade and other payables	13,957	8,853	23,493	9,254
Finance lease payables	239	246	239	239
Bank borrowings	1,963	4,171	1,963	4,171
Provision for taxation	13	13	-	-
Deferred income	1,429	1,429	1,429	1,429
Derivative financial instruments*	403	59	403	59
	18,004	14,771	27,527	15,152
Net current assets	69,029	73,265	61,212	69,470
Non-current liabilities				
Finance lease payables	139	378	139	378
Bank borrowings	-	2,646	-	2,646
Provision for reinstatement costs	1,000	1,000	700	700
Deferred income	2,976	4,405	2,976	4,405
	4,115	8,429	3,815	8,129
	129,698	129,336	80,531	84,482
Equity attributable to owners of the Company				
Share capital	152,052	152,052	152,052	152,052
Treasury shares	(2,215)	(1,906)	(2,215)	(1,906)
Other reserves	1,410	1,640	2,527	2,527
Accumulated losses	(21,818)	(22,714)	(71,833)	(68,191)
	129,429	129,072	80,531	84,482
Non-controlling interests	269	264	-	-
Total equity	129,698	129,336	80,531	84,482

*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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1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31 December 2016			As at 31 December 2015		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable within one year	1,963	-	239	4,171	-	246
Repayable after one year	-	-	139	2,646	-	378
Total	1,963	-	378	6,817	-	624

Details of collaterals

The bank loans and finance leases are secured by fixed charge over investment in BRC Asia Limited, fixed deposit pledged with bank, mortgage over certain properties and lessors' title to leased asset.

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1(c)(i) A Statement of Cash Flows for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	4Q 2016	4Q 2015	FY 2016	FY 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before income tax	811	(4,428)	896	(5,636)
Adjustments for:				
Depreciation of property, plant and equipment	645	706	2,539	2,420
Amortisation of intangible assets	7	7	29	31
Allowance for impairment of receivables	55	129	30	195
Bad debts (recovered)/written off	(1)	(27)	6	(37)
Gain on disposal of property, plant and equipment	(29)	(52)	(326)	(95)
Write off of property, plant and equipment	-	-	33	46
Impairment of property, plant and equipment	22	538	22	538
Write off of inventories	-	26	-	34
(Reversal of impairment)/impairment of inventories, net	(210)	2,009	(227)	2,139
Fair value gain on investment held for trading	-	(34)	-	(234)
Fair value loss/(gain) on derivatives, net	309	(468)	344	59
Finance cost	4	57	95	239
Interest income	(48)	(49)	(272)	(74)
Share of associate results	(522)	(288)	(2,386)	(3,036)
Recognition of deferred income	(358)	(358)	(1,429)	(1,429)
Unrealised foreign exchange loss/(gain), net	72	(97)	(49)	274
Operating cash flow before working capital changes	757	(2,329)	(695)	(4,566)
Working capital changes:				
Inventories	814	5,348	(10,202)	19,391
Trade and other receivables	(12,217)	(4,120)	(3,032)	3,527
Trade and other payables	5,693	(3,593)	5,104	(16,569)
Cash (used in)/generated from operations	(4,953)	(4,694)	(8,825)	1,783
Interest expense paid	(4)	(57)	(95)	(239)
Interest income received	48	49	272	74
Income tax refund	-	-	71	55
Net cash flows (used in)/generated from operating activities	(4,909)	(4,702)	(8,577)	1,673
Cash flows from investing activities				
Dividend income received from investments & associates	-	-	843	2,739
Fixed deposit pledged with a bank	(38)	-	(7,038)	-
Proceeds from disposal of investment held for trading	-	344	-	344
Proceeds from disposal of property, plant and equipment	316	49	721	175
Proceeds from disposal of intangible assets	-	5	-	5
Purchase of property, plant and equipment	(1)	(398)	(357)	(724)
Purchase of intangible assets	(2)	(48)	(2)	(50)
Net cash flows generated from/(used in) investing activities	275	(48)	(5,833)	2,489
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	-	(94)
Purchase of treasury shares	-	(21)	(309)	(21)
Proceeds from bank borrowings	1,938	-	3,654	-
Repayment of bank borrowings	-	(1,040)	(8,528)	(5,895)
Repayment of finance lease payables	(60)	(69)	(246)	(159)
Net cash flows generated from/(used in) financing activities	1,878	(1,130)	(5,429)	(6,169)
Net decrease in cash and cash equivalents	(2,756)	(5,880)	(19,839)	(2,007)
Effects on exchange rate changes on cash and cash equivalents	(96)	138	29	(140)
Cash and cash equivalents at beginning of financial year	33,556	56,256	50,514	52,661
Cash and cash equivalents at end of financial year	30,704	50,514	30,704	50,514

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1(c)(ii) Note to the Consolidated Statement of Cash Flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	Group	
	31 December 2016 S\$'000	31 December 2015 S\$'000
Cash and bank balances	18,515	27,481
Fixed deposits	19,227	23,033
	37,742	50,514
<i>Less</i> : Fixed deposits pledged with a bank ⁽¹⁾	(7,038)	-
Cash and cash equivalents per consolidated cash flow statement	30,704	50,514

- ⁽¹⁾ Fixed deposit of S\$7.0 million (2015 : Nil) was pledged with a bank to secure trade credit facilities. The amount is restricted in use and may not be withdrawn without the bank's prior approval

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the Company									
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2016	152,052	(1,906)	2,527	(4)	(211)	(672)	(22,714)	129,072	264	129,336
Profit for the year	-	-	-	-	-	-	896	896	10	906
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	-	(38)	-	(38)	(5)	(43)
Share of other comprehensive income of associate	-	-	-	-	-	(192)	-	(192)	-	(192)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(230)	-	(230)	(5)	(235)
Total comprehensive income for the year	-	-	-	-	-	(230)	896	666	5	671
<u>Contribution by and distributions to owners</u>										
Purchase of treasury shares	-	(309)	-	-	-	-	-	(309)	-	(309)
Total contribution by and distributions to owners	-	(309)	-	-	-	-	-	(309)	-	(309)
Total transactions with owners in their capacity as owners	-	(309)	-	-	-	-	-	(309)	-	(309)
Closing balance at 31 December 2016	152,052	(2,215)	2,527	(4)	(211)	(902)	(21,818)	129,429	269	129,698

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Group	Attributable to owners of the Company									
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	152,052	(1,885)	2,527	(4)	(177)	(415)	(17,259)	134,839	564	135,403
Loss for the year	-	-	-	-	-	-	(5,455)	(5,455)	(193)	(5,648)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	-	24	-	24	(47)	(23)
Share of other comprehensive income of associate	-	-	-	-	-	(281)	-	(281)	-	(281)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(257)	-	(257)	(47)	(304)
Total comprehensive income for the year	-	-	-	-	-	(257)	(5,455)	(5,712)	(240)	(5,952)
<u>Contribution by and distributions to owners</u>										
Purchase of treasury shares	-	(21)	-	-	-	-	-	(21)	-	(21)
Total contribution by and distributions to owners	-	(21)	-	-	-	-	-	(21)	-	(21)
<u>Change in ownership interest in subsidiary</u>										
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(60)	(60)
Premium paid on acquisition of non-controlling interest	-	-	-	-	(34)	-	-	(34)	-	(34)
Total change in ownership interest in subsidiary	-	-	-	-	(34)	-	-	(34)	(60)	(94)
Total transactions with owners in their capacity as owners	-	(21)	-	-	(34)	-	-	(55)	(60)	(115)
Closing balance at 31 December 2015	152,052	(1,906)	2,527	(4)	(211)	(672)	(22,714)	129,072	264	129,336

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Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2016	152,052	(1,906)	2,527	(68,191)	84,482
Loss for the period, representing total comprehensive loss for the period	-	-	-	(3,642)	(3,642)
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(309)	-	-	(309)
Total transactions with owners in their capacity as owners	-	(309)	-	-	(309)
Closing balance at 31 December 2016	152,052	(2,215)	2,527	(71,833)	80,531
Opening balance at 1 January 2015	152,052	(1,885)	2,527	(60,588)	92,106
Loss for the period, representing total comprehensive loss for the period	-	-	-	(7,603)	(7,603)
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(21)	-	-	(21)
Total transactions with owners in their capacity as owners	-	(21)	-	-	(21)
Closing balance at 31 December 2015	152,052	(1,906)	2,527	(68,191)	84,482

1(d)(ii) 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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

On 31 October 2014, the Company issued and allotted 213,600,000 new ordinary shares in the capital of the Company (the "Placement Share") pursuant to a private placement at an issue price of S\$0.069 for each Placement Share to raise net proceeds of approximately S\$14.7 million.

In accordance to the announcements released on 8 July 2016, 10 August 2016 and 8 February 2017, the Company had utilised all the net proceeds of approximately S\$14.7 million for working capital purpose.

The above utilisation of proceeds is in accordance to the intended use as set out in the announcement dated 8 October 2014.

Details of changes in the Company's issued share capital

The Company had undertaken a share consolidation of every ten (10) existing issued ordinary shares in the share capital of the Company into one (1) consolidated ordinary share, which was approved by members of the Company at the Extraordinary General Meeting held on 29 April 2016. The share consolidation exercise was completed on 11 May 2016.

	No of ordinary shares	
	Share capital	Treasury shares
As at 1 January 2016	1,306,121,962	23,797,100
Treasury shares acquired during the financial period	-	8,139,200
Number of shares before share consolidation	1,306,121,962	31,936,300
Number of shares after consolidation	130,611,365	3,193,630
As at 31 December 2016	130,611,365	3,193,630

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As at 31 December 2016, the Company held 3,193,630 (31 December 2015: 23,797,100) of its issued shares as treasury shares.

The Company did not hold any convertible shares as at 31 December 2016 and 31 December 2015.

1(d)(iii) 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.

Before Share Consolidation

	31 December 2015
Total number of issued shares	1,306,121,962
Less: Treasury shares	<u>(23,797,100)</u>
Total number of issued shares excluding treasury shares	<u>1,282,324,862</u>

After Share Consolidation

	31 December 2016
Total number of issued shares	130,611,365
Less: Treasury shares	<u>(3,193,630)</u>
Total number of issued shares excluding treasury shares	<u>127,417,735</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been reviewed or audited by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recent audited financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 31 December 2015.

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6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Group	
	4Q 2016	4Q 2015*	FY 2016	FY 2015*
Earnings per ordinary shares:				
(a) Basic (cents)	0.64	(3.34)	0.70	(4.25)
(b) Diluted (cents)	0.64	(3.34)	0.70	(4.25)

- (a) Earnings per share were calculated based on weighted average number of shares of 127,437,235 and 128,281,775* for the period ended 31 December 2016 and 31 December 2015 respectively.
- (b) 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 year and the comparative last year.

* The computations of comparative earnings per share and weighted average number of shares were adjusted for the effect of share consolidation.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.12.2016	31.12.2015*	31.12.2016	31.12.2015*
Net asset value per ordinary share (S\$)	1.02	1.01	0.63	0.66

Net asset value per ordinary share was calculated based on 127,417,735 and 128,231,655* as at 31 December 2016 and 31 December 2015 respectively.

* The computations of comparative net asset value per ordinary share and number of shares were adjusted for the effect of share consolidation.

8. **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.

Results for 4Q2016 versus 4Q2015

Revenue and Gross Profit

The Group's revenue surged by 42% from S\$25.3 million in the quarter ended 31 December 2015 (4Q2015) to S\$35.8 million in the quarter ended 31 December 2016 (4Q2016), backed by increase in steel prices and higher export sales in 4Q2016. The Group's sales volume and average selling price had increased 22% and 16% respectively in comparison with same quarter in 2015.

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The Group recorded gross profit of S\$1.9 million in 4Q2016 compared to S\$0.6 million in 4Q2015 as a result of higher sales volume and gross profit margin. The gross margin was 5.3% in 4Q2016 compared with 2.2% for 4Q2015 on account of rising steel prices. The gross margin was lower in 4Q2015 partly due to efforts to clear slow moving stocks at lower selling prices.

Other Operating Income

Other operating income increased from S\$2.4 million in 4Q2015 to S\$2.9 million in 4Q2016. The increase was mainly attributed to increase in foreign exchange gain by S\$0.6 million.

Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses decreased by 62% from S\$0.1 million in 4Q2015 to S\$0.05 million in 4Q2016 as a result of cost saving initiatives implemented by the Group.

Administrative expenses decreased by 16% from S\$2.4 million in 4Q2015 to S\$2.0 million in 4Q2016, mainly due to the reduction in legal fee expenses of \$0.3 mil.

Other operating expenses declined by 51% from S\$5.1 million in 4Q2015 to S\$2.5 million in 4Q2016. This was mainly due to reduction in provisions for doubtful debts and inventories of S\$0.1 million and S\$2.0 million respectively, as well as reduced fixed assets write-down of S\$0.5 million.

The Group recorded lower finance expenses in 4Q2016 as compared to 4Q2015 due to repayment of bank borrowings.

Profitability

The Group posted a net profit after tax of S\$0.8 million in 4Q2016 compared to a net loss after tax of S\$4.4 million in 4Q2015 contributed by reasons afore-mentioned and higher share of profit from associates.

Results for FY2016 versus FY2015

Revenue and Gross Profit

The Group recorded revenue of S\$108.5 million in FY2016 as compared to S\$127.9 million in FY2015. The decrease of revenue in FY2016 was attributed to decline in sales volume and average selling price by 9% and 7% respectively.

Notwithstanding a 15% reduction in revenue in FY2016 compared to last financial year, the gross profit had improved by 20% from S\$5.0 million in FY2015 to S\$6.0 million in FY2016. This was mainly attributed to higher gross profit margin of 5.6% achieved in FY2016 as compared to a gross profit margin of 3.9% recorded for FY2015.

Other Operating Income

Other operating income increased 11% from S\$8.9 million in FY2015 to S\$9.9 million in FY2016. This was mainly contributed by the increase in foreign exchange gain of S\$0.6 million, warehouse services income of S\$0.2 million and gain on disposal of fixed assets of S\$0.2 million.

Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses for FY2016 decreased to S\$0.2 million from S\$0.8 million in FY2015 as a result of cost savings and cost optimization initiatives implemented by the Group.

Administrative expenses decreased by 13% from S\$9.3 million in FY2015 to S\$8.1 million in FY2016, mainly due to reduction in staff cost by S\$0.5 million and overall reduction in other administrative expenses of S\$0.7 million.

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Other operating expenses declined to S\$9.0 million in FY2016 from S\$12.3 million in FY2015. This was mainly attributed to the absence of provision for inventories of S\$2.1 million. The reduction in provision for doubtful debts of S\$0.2 million, reduced fixed assets write down of S\$0.5 million and repair and maintenance of S\$0.3 million also contributed to the overall reduction in other operating expenses.

Finance expenses decreased to S\$0.09 million in FY2016 as compared to S\$0.2 million in FY2015 following the full repayment of certain bank loans.

Net Profit after Tax

The Group recorded a net profit after tax of S\$0.9 million in FY2016, compared to a net loss after tax of S\$5.6 million reported in FY2015. This was mainly contributed by improved gross profit margin and reduced overhead expenses. On the other hand, the increase in other operating income of S\$1.0 million was partially offset by the reduction in share of profit from associates of S\$0.7 million.

Balance Sheet

As at 31 December 2016, inventories stood at S\$14.2 million compared with S\$5.4 million as at 31 December 2015 in line with stock replenishment during the year.

Trade and other receivables increased to S\$34.8 million as at 31 December 2016 as compared to S\$31.9 million as at 31 December 2015 in line with increase in sales activities in 4Q2016.

Trade and other payables increased to S\$14.0 million as at 31 December 2016 compared to S\$8.9 million as at 31 December 2015 due to higher purchase volume in 4Q2016.

Bank borrowings as at 31 December 2016 consist of bills payable of S\$2.0 million owing to the banks. Total bank borrowings decreased from S\$6.8 million as at 31 December 2015 to S\$2.0 million as at 31 December 2016 owing to full settlement of certain bank loans during FY2016.

Statement of Cash Flows

The net cash flows used in operating activities was S\$8.6 million in FY2016 compared to net cash flows generated from operating activities of S\$1.7 million in FY2015. This was mainly attributable to the increase in trade and other receivables of S\$3.0 million, increase in inventories of S\$10.2 million and partially offset by the increase in trade and other payables of S\$5.1 million.

Net cash flows used in investing activities for FY2016 was S\$5.8 million, mainly due to fixed deposit pledged with a bank which partially offset by dividends received from investment in associate.

Net cash flows used in financing activities for FY2016 was S\$5.4 million, mainly due to the repayment of bank borrowings of S\$8.5 million and partially offset by proceeds of new bank borrowings of S\$3.7 million.

The Group's cash and cash equivalents was S\$30.7 million as at 31 December 2016 in comparison to S\$50.5 million as at 31 December 2015.

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

Not applicable.

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10. 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

The business environment for the steel industry is expected to remain challenging. The surge in international steel price since the fourth quarter of 2016 amidst the lagging in demand in local and regional markets has created added pressure to the steel industry.

The Group's business performance for the next 12 months hence is likely to remain closely impacted by the fluctuations in foreign exchange rate of US dollar, volatility in international steel prices and the state of Singapore economy in particularly the growth of the construction and marine sectors.

Notwithstanding the uncertainties over the economic climate, the Group remains committed in pursuing growth opportunities and be vigilant in monitoring the risk exposures faced by the business. Backed by a strong balance sheet, the Group will continue to explore business opportunities, locally and overseas, including expanding its distribution business in Myanmar.

11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial year reported on?

The Directors are pleased to recommend final one-tier tax exempt cash dividend of 0.5 Singapore cent per ordinary share in respect of the financial year ended 31 December 2016.

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

To be announced on a later date

(d) Books closure date

To be announced on a later date

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

13. 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 was no interested person transactions with aggregate value of more than S\$100,000 during financial period ended 31 December 2016 pursuant to Rule 907 of the listing manual of the Singapore Exchange Securities Trading Limited.

14. 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.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Business Segment

	Trading	Manufacturing	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial year ended 31 Dec 2016</u>				
Revenue				
Sales to external customers	91,861	16,668	-	108,529
Inter-segment sales	11,386	144	(11,530)	-
Total	<u>103,247</u>	<u>16,812</u>	<u>(11,530)</u>	<u>108,529</u>
Results				
(Loss)/profit from operations	(3,499)	2,278	(446)	(1,667)
Interest expense	(95)	-	-	(95)
Interest income	196	76	-	272
Share of associates results	323	2,063	-	2,386
Segment (loss)/profit	<u>(3,075)</u>	<u>4,417</u>	<u>(446)</u>	<u>896</u>
Income tax credit				<u>10</u>
Profit for the year				<u>906</u>
Other information				
Debit/(credit)				
Investment in associates	798	50,057	-	50,855
Additions to non-current assets	1,784	169	-	1,953
Depreciation and amortisation of assets	1,705	863	-	2,568
Recognition of deferred income	(1,429)	-	-	(1,429)
Impairment of property, plant and equipment	-	22	-	22
Write back impairment of inventories	(210)	(17)	-	(227)
Fair value loss from derivatives	344	-	-	344
Assets & liabilities				
Segment assets	146,701	30,179	(25,063)	151,817
Income tax recoverable				-
Total assets				<u>151,817</u>
Segment liabilities	53,453	9,526	(40,873)	22,106
Tax payable				<u>13</u>
Total liabilities				<u>22,119</u>

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	Trading	Manufacturing	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial year ended 31 Dec 2015</u>				
Revenue				
Sales to external customers	110,486	17,383	-	127,869
Inter-segment sales	13,238	1,219	(14,457)	-
Total	<u>123,724</u>	<u>18,602</u>	<u>(14,457)</u>	<u>127,869</u>
Results				
(Loss)/Profit from operations	(8,968)	1,281	(820)	(8,507)
Interest expense	(239)	-	-	(239)
Interest income	42	32	-	74
Share of associates results	415	2,621	-	3,036
Segment (loss)/profit	<u>(8,750)</u>	<u>3,934</u>	<u>(820)</u>	<u>(5,636)</u>
Income tax credit				<u>(12)</u>
Loss for the year				<u>(5,648)</u>
Other information				
Debit/(Credit)				
Investment in associates	475	49,028	-	49,503
Additions to non-current assets	2,690	129	(237)	2,582
Depreciation and amortisation of assets	1,520	918	13	2,451
Recognition of deferred income	(1,429)	-	-	(1,429)
Impairment of property, plant and equipment	538	-	-	538
Write down/write off of inventories	1,953	220	-	2,173
Fair value loss from derivatives	59	-	-	59
Assets & liabilities				
Segment assets	143,763	26,937	(18,225)	152,475
Income tax recoverable				<u>61</u>
Total assets				<u>152,536</u>
Segment liabilities	46,836	8,638	(32,287)	23,187
Tax payable				<u>13</u>
Total liabilities				<u>23,200</u>

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Geographical Segment

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Myanmar S\$'000	Others S\$'000	Group S\$'000
<u>Financial year ended 31 Dec 2016</u>						
Sales to external customers	36,572	3,501	7,203	61,101	152	108,529
Non-current assets	13,355	444	-	130	-	13,929
<u>Financial year ended 31 Dec 2015</u>						
Sales to external customers	49,190	5,270	10,895	59,504	3,010	127,869
Non-current assets	14,179	679	-	139	-	14,997

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8 above

17. A breakdown of sales as follows:

	Group		
	FY 2016	FY 2015	%
	S\$'000	S\$'000	(+/-)
<u>First Half</u>			
Sales reported for first half year	55,641	71,496	(22)
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	316	(1,283)	(125)
<u>Second Half</u>			
Sales reported for remaining period	52,888	56,373	(6)
Operating profit/(loss) after tax before deducting non-controlling interests reported for remaining period	590	(4,365)	(114)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend breakdown:

	Group	
	FY 2016	FY 2015
	S\$'000	S\$'000
Ordinary	637	-

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Financial Statements and Dividend Announcement for Year Ended 31 December 2016

19. **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

On behalf of the Board,

Foo Sey Liang
Director

Teo Yi-Dar
Director

24 February 2017