



HGH Holdings Ltd.

**(Company Registration No.: 200412064D)
(Incorporated in the Republic of Singapore)**

Condensed interim financial statements For the six months ended 30 June 2023

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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HGH HOLDINGS LTD.
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

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

	Note	Group		% Change + / (-)
		Unaudited 6 months ended		
		30 Jun 2023	30 Jun 2022	
		S\$'000	S\$'000	
Revenue		11,083	10,191	8.8
Cost of sales		(9,312)	(8,262)	12.7
Gross profit		1,771	1,929	(8.2)
Other income		465	416	11.8
Distribution expenses		(444)	(486)	(8.6)
General and administrative expenses		(2,800)	(3,037)	(7.8)
Other expenses		-	(82)	n.m.
Finance income		49	-	n.m.
Finance expenses		(77)	(87)	(11.5)
Loss before taxation	5	(1,036)	(1,347)	(23.1)
Tax expense	6	(147)	(48)	n.m.
Loss for the financial period, net of tax		(1,183)	(1,395)	(15.2)
Other comprehensive income				
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>				
Currency translation differences on consolidation of foreign entities (net)		3	29	(89.7)
Total comprehensive loss for the period		(1,180)	(1,366)	(13.6)
Loss attributable to:				
- Owners of the Company		(1,181)	(1,392)	(15.2)
- Non-controlling interests		(2)	(3)	(33.3)
Total comprehensive loss attributable to:				
- Owners of the Company		(1,178)	(1,363)	
- Non-controlling interests		(2)	(3)	
<u>Loss per share for the period attributable to the owners of the Company:</u>				
Basic (SGD in cent)		(0.07)	(0.08)	
Diluted (SGD in cent)		(0.07)	(0.08)	

n.m. = not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		Unaudited 30 Jun 2023 S\$'000	Audited 31 Dec 2022 S\$'000	Unaudited 30 Jun 2023 S\$'000	Audited 31 Dec 2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	3,657	3,758	-	-
Investment properties	10	48,846	50,399	-	-
Right-of-use assets		32	51	-	-
Intangible assets	8	44	46	-	-
Subsidiaries		-	-	25,600	25,600
Total non-current assets		52,579	54,254	25,600	25,600
Current assets					
Inventories		222	229	-	-
Trade and other receivables		3,959	3,766	-	-
Other current assets		536	472	3	8
Contract assets		1,862	971	-	-
Cash and bank balances		6,169	7,079	187	111
Total current assets		12,748	12,517	190	119
Total assets		65,327	66,771	25,790	25,719
LIABILITIES					
Non-current liabilities					
Lease liabilities from financial institutions		548	674	-	-
Lease liabilities		4,906	5,052	-	-
Deferred tax liabilities		7,365	7,601	-	-
Other liabilities		276	276	-	-
Total non-current liabilities		13,095	13,603	-	-
Current liabilities					
Trade and other payables		5,735	5,726	12,107	11,851
Lease liabilities from financial institutions		235	218	-	-
Lease liabilities		399	472	-	-
Provision for defect liability		50	50	-	-
Income tax payable		503	212	-	-
Total current liabilities		6,922	6,678	12,107	11,851
Total liabilities		20,017	20,281	12,107	11,851
Net assets		45,310	46,490	13,683	13,868

B. Condensed interim statements of financial position (cont'd)

Note	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	11	35,225	35,225	35,225
Reserves		10,137	11,315	(21,357)
		45,362	46,540	13,683
Non-controlling interests		(52)	(50)	-
Total equity		45,310	46,490	13,683

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C. Condensed interim statements of changes in equity

	Attributable to equity holders of the Company						Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
Group Unaudited								
Balance at 1 January 2023	35,225	(6,478)	65	(150)	17,878	46,540	(50)	46,490
(Loss)/Profit for the period	-	-	-	-	(1,181)	(1,181)	(2)	(1,183)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	-	-	3	-	-	3	-	3
Total comprehensive income / (loss) for the period	-	-	3	-	(1,181)	(1,178)	(2)	(1,180)
Balance at 30 June 2023	35,225	(6,478)	68	(150)	16,697	45,362	(52)	45,310
Group Unaudited								
Balance at 1 January 2022	35,225	(6,478)	11	(150)	19,383	47,991	(44)	47,947
(Loss)/Profit for the period	-	-	-	-	(1,392)	(1,392)	(3)	(1,395)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	-	-	29	-	-	29	-	29
Total comprehensive income / (loss) for the period	-	-	29	-	(1,392)	(1,363)	(3)	(1,366)
Balance at 30 June 2022	35,225	(6,478)	40	(150)	17,991	46,628	(47)	46,581

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

	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Company Unaudited			
Balance at 1 January 2023	35,225	(21,357)	13,868
Total comprehensive loss for the period	-	(185)	(185)
Balance at 30 June 2023	35,225	(21,542)	13,683
Company Unaudited			
Balance at 1 January 2022	35,225	(21,584)	13,641
Total comprehensive loss for the period	-	(192)	(192)
Balance at 30 June 2022	35,225	(21,776)	13,449

D. Condensed interim consolidated statement of cash flows

	Group Unaudited 6 months ended	
	30 Jun 2023	30 Jun 2022
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(1,036)	(1,347)
Adjustments for:		
Depreciation of property, plant and equipment	239	240
Depreciation of right-of-use assets	19	128
Depreciation of investment properties	1,553	1,583
Amortisation of intangible assets	2	95
Gain on disposal of property, plant and equipment	(30)	(62)
Net foreign exchange loss-unrealised	4	29
Interest expense	77	78
Operating profit before working capital changes	828	744
Inventories	7	(24)
Trade and other receivables and other current assets	(257)	655
Contract assets	(891)	(686)
Trade and other payables	9	(272)
Cash (used in)/generated from operations	(304)	417
Net taxation paid	(92)	(59)
Net cash (used in)/generated from operating activities	(396)	358
Cash flows from investing activities		
Purchase of property, plant and equipment	(138)	(1,133)
Purchase of intangible assets	-	(51)
Proceeds from disposal of property, plant and equipment	30	156
Net cash used in investing activities	(108)	(1,028)
Cash flows from financing activities		
Principal repayment of lease liabilities	(220)	(262)
Principal repayment of lease liabilities from financial institutions	(109)	(97)
Interest paid on lease liabilities	(77)	(75)
Net cash used in financing activities	(406)	(434)
Net decrease in cash and cash equivalents	(910)	(1,104)
Cash and cash equivalents at beginning of the period	7,079	7,750
Cash and cash equivalents at end of the period	6,169	6,646

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

HGH Holdings Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and its principal place of business is located at 60 Benoi Road #03-02, Singapore 629906.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is an investment holding.

The principal activities of the Group are:

- (a) Leasing and service income;
- (b) Supply and manufacturing ready-mix concrete, precast component and related products;
- (c) Supply of precast concrete products and
- (d) Provision of underground cable installation and road reinstatement services

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with 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 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and Amended Standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Uses of judgement and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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. Information about judgement, assumptions and estimation uncertainties that could require a material adjustment on the amounts recognised in the financial statements is included in the following notes:

(a) Investments in subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model.

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2.2 Uses of judgement and estimates (Continued)

(b) Impairment of intangible assets

Intangible assets are tested for impairment annually and whenever there is indication that the intangible assets maybe impaired. The recoverable amount of the CGU to which intangible assets has been allocated is based on value in use ("VIU") calculation. VIU is based on cash flow forecast, the preparation of which requires management to use assumptions and estimates relating budgeted growth margin, revenue growth rate, perpetual growth rate and discount rate of each CGU. Changes to the assumptions and estimates used could result in changes in the carrying amount of the intangible assets.

(c) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of 1 to 15 years for assets. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised.

(d) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, geographical location, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(e) Classification between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criterion in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Substantial areas of the industrial complex and the attached land use right are solely held to earn rentals and / or for capital appreciation with an inconsiderable area of the properties being used for production or supply of goods or services or for administrative purposes by the entities within the Group.

3. Segment and revenue information

The Group is organised into the following main business segments:

- (a) Engineering Manufacturing Services Pte. Ltd. ("EMS") and Germaxco Pte. Ltd. ("Germaxco")
 - Leasing and service income
- (b) W&P Precast Pte. Ltd. ("WPP") and W&P Precast Sdn. Bhd. ("WPP(M)")
 - Supply of precast concrete products
- (c) Premium Concrete Pte. Ltd. ("PC")
 - Supply and manufacturing of ready-mix concrete products
- (d) Poh Huat Heng Corporation Pte. Ltd. ("PHH")
 - Provision of underground cable installation and road reinstatement services

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3.1 Reportable segments

Group	Leasing and service income	Manufacturing of precast concrete products	Supply and manufacturing of ready-mix concrete products	Provision of underground cable installation and road reinstatement	Corporate	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 January 2023 to 30 June 2023						
Revenue						
Total revenue	4,653	1,401	4,541	1,461	-	12,056
Inter-segment sales	(528)	(335)	(101)	(9)	-	(973)
Sales to external parties	4,125	1,066	4,440	1,452	-	11,083
Results:						
Segment gross profit/(loss)	1,698	294	504	(725)	-	1,771
Allocated operating expenses – net	(895)	(118)	(571)	(1,005)	(190)	(2,779)
Finance income	49	-	-	-	-	49
Finance costs	(66)	-	(11)	-	-	(77)
Profit/(Loss) before income tax	786	176	(78)	(1,730)	(190)	(1,036)
Income tax	(147)	-	-	-	-	(147)
Profit/(Loss) for the period	639	176	(78)	(1,730)	(190)	(1,183)
Segment assets	56,290	511	5,029	3,310	187	65,327
Segment liabilities	15,435	351	2,889	1,323	19	20,017
Other material non-cash items						
Depreciation of property, plant and equipment	61	12	114	52	-	239
Depreciation of investment properties	1,553	-	-	-	-	1,553
Depreciation of right-of-use assets	-	-	19	-	-	19
Amortisation of intangible assets	-	-	2	-	-	2

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3.1 Reportable segments (Continued)

Group	Leasing and service income	Manufacturing of precast concrete products	Supply and manufacturing of ready-mix concrete products	Provision of underground cable installation and road reinstatement	Corporate	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 January 2022 to 30 June 2022						
Revenue						
Total revenue	4,314	1,579	5,257	199	-	11,349
Inter-segment sales	(496)	(486)	(56)	(120)	-	(1,158)
Sales to external parties	3,818	1,093	5,201	79	-	10,191
Results:						
Segment gross profit/(loss)	1,604	196	757	(628)	-	1,929
Allocated operating expenses – net	(1,137)	(290)	(658)	(908)	(196)	(3,189)
Finance costs	(70)	-	(15)	(2)	-	(87)
Profit/(Loss) before income tax	397	(94)	84	(1,538)	(196)	(1,347)
Income tax	(48)	-	-	-	-	(48)
Profit/(Loss) for the period	349	(94)	84	(1,538)	(196)	(1,395)
Segment assets	60,202	592	4,806	1,561	99	67,260
Segment liabilities	15,823	416	2,974	1,444	19	20,676
Other material non-cash items						
Depreciation of property, plant and equipment	34	30	117	59	-	240
Depreciation of investment properties	1,583	-	-	-	-	1,583
Depreciation of right-of-use assets	-	-	128	-	-	128
Amortisation of intangible assets	82	-	13	-	-	95

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3.2 Disaggregation of Revenue

6 months ended 30 June 2023

Group	6 months ended 30 June 2023					Total S\$'000
	Leasing and service income S\$'000	Manufacturing of precast concrete products S\$'000	Supply and manufacturing of ready-mix concrete products S\$'000	Provision of underground cable installation and road reinstatement S\$'000	Corporate S\$'000	
Types of goods or service:						
Sale of goods	-	1,066	4,440	-	-	5,506
Service income	106	-	-	-	-	106
Rental income	4,019	-	-	-	-	4,019
Contract income	-	-	-	1,452	-	1,452
Total revenue	4,125	1,066	4,440	1,452	-	11,083
Timing of revenue recognition:						
At a point in time	-	1,066	4,440	-	-	5,506
Over time	106	-	-	1,452	-	1,558
Total revenue	106	1,066	4,440	1,452	-	7,064

6 months ended 30 June 2022

Group	6 months ended 30 June 2022					Total S\$'000
	Leasing and service income S\$'000	Manufacturing of precast concrete products S\$'000	Supply and manufacturing of ready-mix concrete products S\$'000	Provision of underground cable installation and road reinstatement S\$'000	Corporate S\$'000	
Types of goods or service:						
Sale of goods	-	1,093	5,201	-	-	6,294
Service income	77	-	-	-	-	77
Rental income	3,741	-	-	-	-	3,741
Contract income	-	-	-	79	-	79
Total revenue	3,818	1,093	5,201	79	-	10,191
Timing of revenue recognition:						
At a point in time	-	1,093	5,201	-	-	6,294
Over time	77	-	-	79	-	156
Total revenue	77	1,093	5,201	79	-	6,450

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4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group asat 30 June 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances and trade and other receivables (Amortised cost)	12,425	12,130	187	111
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	11,823	12,222	12,107	11,851

5. Loss before taxation

5.1 Significant items

	Group	
	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
	S\$'000	S\$'000
Income		
Government grants received	18	142
Finance income	77	-
Expenses		
Interest on borrowings	77	87
Amortisation of intangible asset	2	95
Depreciation of property, plant and equipment	239	240
Depreciation of right-of-use assets	19	128
Depreciation of investment properties	1,553	1,583
Net foreign exchange loss-unrealised	4	29
Gain on disposal of property, plant and equipment	(30)	(62)

5.2 Related party transactions

There are no significant related party transactions apart from those disclosed elsewhere in the financial statements.

6. Taxation

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

	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
	S\$'000	S\$'000
Current income tax expense	(383)	(298)
Deferred income tax expense relating to origination and reversal of temporary differences	236	250
	(147)	(48)

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7. Net Asset Value

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$ cents	S\$ cents	S\$ cents	S\$ cents
Net asset value per ordinary share	2.54	2.61	0.77	0.78

8. Intangible assets

	Group		
	Customer relationships	Software	Total
	S\$'000	S\$'000	S\$'000
Cost			
Beginning/end of financial period	4,589	92	4,681
Accumulated amortisation			
Beginning of financial period	3,743	46	3,789
Charge for the period	-	2	2
End of financial period	3,743	48	3,791
Accumulated impairment loss			
Beginning/end of financial period	846	-	846
Net carrying amount			
At 30 Jun 2023	-	44	44
At 31 Dec 2022	-	46	46

9. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets, mainly lorries and trucks under motor vehicles, amounting to S\$138,240 (30 June 2022: S\$2,199,625) and disposed of assets amounting to S\$Nil (30 June 2022: S\$156,444).

10. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000
Cost		
Beginning/end of financial period/year	68,047	68,047
Accumulated depreciation and impairment losses		
Beginning of financial period	17,648	14,538
Depreciation charge for the period/year	1,553	3,110
End of financial period/year	19,201	17,648
Net book value		
At end of financial period/year	48,846	50,399

The Company's investment property was appraised as at 20 February 2017 by an independent valuer, Savills Valuation And Professional Services (S) Pte Ltd, at a fair value of \$63,000,000 (Level 3 fair value hierarchy). In accordance with the valuation report dated 8 August 2017, the valuation methodology used in determining the fair value of the investment property is the "As-Is Basis". Under this approach, the valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter.

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11. Share capital

	Group and Company			
	30 Jun 2023		31 Dec 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Balance	1,780,861	35,225	1,780,861	35,225

The Company did not hold any treasury shares nor have outstanding options, convertibles or subsidiary holdings as at 30 June 2023 and 31 December 2022

12. Subsequent events

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

F. Other Information Required by Appendix 7C of the Listing Rule

1. Review

The condensed consolidated statements of financial position of HGH Holding Ltd. and its subsidiaries as at 30 June 2023, and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim statement of cash flows for the six-month period ended and certain explanatory notes in this announcement have not been audited or reviewed.

The Group's latest financial statements for the financial year ended 31 December 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Review of performance of the Group

Statement of Comprehensive Income

Revenue

The Group's revenue for HY2023 increased by S\$0.89 million or 8.8% as compared to HY2022. It was mainly due to increase in revenue generated from PHH and EMS by approximately S\$1.37 million and S\$ 0.31 million respectively. The increase was offset by reduced revenue in PC by approximately S\$0.76 million.

Cost of Sales

Cost of sales for HY2023 was higher by S\$1.05 million or 12.7% as compared to HY2022 and this is in line with the increased revenue. Additionally, the higher cost in materials, labour charges and maintenance have contributed to the increase.

Gross Profit

Gross profit in HY2023 amounted to approximately S\$1.77 million; a decrease of 8.2% as compared to HY2022.

Other Income

In HY2023, the Group's other operating income increased slightly by S\$0.05 million.

Distribution Costs

The Group's distribution cost reduced fairly by S\$0.04 million or 8.6% as compared to HY2022.

General and Administrative Costs

The Group's general and administrative expenses reduced by approximately S\$0.24 million or 7.8% as compared to HY2022. This is mainly due to the reduction of diesel costs incurred by EMS as a result of breakdown of transformer and switchgear while awaiting for replacement. The decrease amounted to approximately S\$0.34 million of which was offset by overall increase in other entities.

Other expenses

The Group's other expenses reduced by S\$0.08 million as compared to HY2022. This is mainly due to customer relationship of EMS was fully amortized in HY 2022.

Finance income

The Group's finance income increased slightly by S\$0.05 million.

Finance expenses

The Group's finance costs remained relatively constant as compared to HY2022.

Tax Expense

The Group's income tax expense for HY2023 is mainly due to the recognition of provision of tax for EMS amounting to S\$0.38 million which was offset with deferred tax assets of S\$0.23 million arising from the fair value adjustment for the investment property of EMS.

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Balance Sheet

Property, Plant and Equipment

As at 30 June 2023, the net carrying amount of the Group's property, plant and equipment was approximately S\$3.66 million. The foregoing constituted approximately 7.0% of the Group's non-current assets as at 30 June 2023.

Investment properties

The leasehold building of EMS was charged with depreciation amounting to S\$1.55 million and it constituted 92.9% of the Group's non-current assets.

Intangible Assets

The Group's intangible assets are in relation to the intangible asset acquired by PC. It reduced slightly due to amortization charged during the period.

Inventories

As at 30 June 2023, the inventories remained relatively constant.

Trade and other receivables

Compared to FY2022, trade and other receivables increased by S\$0.19 million, mainly due to higher sales during the period.

Contract assets

The Group's contract assets are in relation to construction contracts yet to be billed by PHH.

Cash and Bank Balance

The Group's cash and bank balances reduced by approximately S\$0.91 million as compared to FY2022.

Trade and other payables

Trade and other payables amounted to S\$5.73 million which constituted 82.8% of the Group's current liabilities.

Provision for defects liability

The provision for defects liability amounting to S\$0.05 million was provided for the contracts delivered by PHH.

Lease liabilities from financial institutions

The Group leased motor vehicles from financial institutions. The lease liabilities decreased due to repayments during the period.

Lease Liabilities

The Group incurs variable lease payments to JTC Corporation for the sub-letting of its leasehold premises which is based on the actual areas sub-let. The lease liabilities decreased due to repayments during the year.

Income Tax Payable

The current tax liabilities arose mainly from the net chargeable income generated by EMS for the financial period.

Statement of Cash Flows

The net decrease in the Group's cash and cash equivalents amounted to approximately S\$0.91 million, which was attributable to the following:

Net cash used in operating activities of S\$0.40 million

The operating cash flows before changes in working capital amounted to S\$0.83 million and the net cash used in operating activities was mainly due to lower inventories, higher trade and other receivables and other current assets, contract assets as well as trade and other payables amounting to S\$0.01 million, S\$0.26 million, S\$0.89 million and S\$0.01 million respectively.

Net cash used in investing activities of S\$0.11 million

The net cash used in investing activities was mainly due to the purchase of plants and equipment amounting to S\$0.14 million, partially offset by proceeds from disposal of plants and equipment amounting to S\$0.03 million.

Net cash used in financing activities of S\$0.41 million

The net cash used in financing activities was mainly due to repayment of lease liabilities and interest amounting to S\$0.22 million and S\$0.08 million and the repayment of finance lease liabilities amounting to S\$0.11 million.

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

The Company has not previously disclosed to shareholders any forecast or prospect statements.

- 4. 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 operating period and the next 12 months**

The economic outlook remains uncertain as the world continues to face high inflation, rising interest rates. Thus, the Group expects a slow recovery in its business activities. However, the Group expects a consistent flow of revenue contribution from EMS for the next 12 months, mainly arising from contracted leasing/service income.

The Group expects the economic situation to remain challenging. The Group will continue to stay vigilant on managing its operation costs and also to continuously look for new business opportunities.

5. Dividend Information

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The Company did not recommend any dividend for the financial period ended 30 June 2023.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

The Company did not recommend or declare any dividend for the financial period ended 30 June 2023.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) If no dividend has been declared/recommended, a statement to that effect

Based on the Group and Company's financial performance for the 6 months period ended 30 June 2023, no dividend has been declared or recommended for the reporting period.

6. Interested person transactions

There was no interested person transaction which is S\$100,000 and above during the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H under Rule 720(1))

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

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8. Negative Assurance Confirmation by Directors Pursuant to SGX Listing Rule 705(5)

We, Ng Chuan Heng and Tan Poh Guan, being the directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group for the half year ended 30 June 2023 (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material respect.

9. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

There was no acquisition or realisation of shares in any of the Group's subsidiary or associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during HY2023.

On behalf of the Board,

Ng Chuan Heng
Chairman and Executive Director

Tan Poh Guan
Executive Director and Chief Executive Officer

BY ORDER OF THE BOARD

Tan Poh Guan
Executive Director and Chief Executive Officer
8 August 2023