



HGH Holdings Ltd.

HGH HOLDINGS LTD.

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

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2020**

Unless otherwise defined or the context otherwise requires, all terms herein shall have the same meaning as defined in the announcement dated 26 February 2021.

The Board of Directors (the "**Board**") of HGH Holdings Ltd. (the "**Company**") refers to the Company's unaudited full year financial results announcement for the financial year ended 31 December 2020 ("**FY2020**") released via the SGXNet on 26 February 2021 (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Company wishes to highlight that there are certain adjustments made to the Unaudited Financial Statements following the finalisation of the audit by the Company's external auditors, Crowe Horwath First Trust LLP (the "**Independent Auditors' Report**", and the related audited financial statement is referred to herein as the "**Audited Financial Statements**"). The details and explanations of the material variances are set out in **Appendix A** as annexed hereto.

Shareholders are advised to exercise caution when dealing in shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosure misleading.

By Order of the Board

Tan Poh Guan
Executive Director and Chief Executive Officer
8 April 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It 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.

The contact person for the Sponsor is Mr. David Yeong (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

APPENDIX A

A. Consolidated Statement of Financial Position for FY2020

	The Group					The Company				
	FY2020 (Audited)	FY 2020 (Unaudited)	Variance		Note	FY2020 (Audited)	FY 2020 (Unaudited)	Variance		Note
	S\$'000	S\$'000	S\$'000	%		S\$'000	S\$'000	S\$'000	%	
Non-Current Assets										
Property, plant and equipment	1,812	1,813	-1	-0.1%	*					
Investment properties	56,618	50,943	5,675	11.1%	1	-	-	-	-	
Intangible assets	1,886	1,885	1	0.1%	*					
Right-of-use assets	-	5,675	-5,675	-100.0%	1	-	-	-	-	
Subsidiaries	-	-	-	-		26,533	34,000	-7,467	-22.0%	6
Total Assets	69,647	69,647	-	-		-	-	-	-	
Non-Current Liabilities										
Other liabilities	359	471	-112	-23.8%	2	-	-	-	-	
Current Liabilities										
Trade payables	505	515	-10	-1.9%	3	-	-	-	-	
Other payables	2,941	3,043	-102	-3.4%	4	-	-	-	-	
Total Liabilities	19,376	19,599	-223	-1.1%		-	-	-	-	
Reserves	15,070	14,847	223	1.5%	5	-19,694	-12,227	-7,467	61.1%	6
Total Equity	50,271	50,048	223	0.4%		15,531	22,998	-7,467	-32.5%	

Note:

- 1) Mainly due to reclassification of the leasehold land from the Group's wholly-owned subsidiary, Engineering Manufacturing Services (S) Pte. Ltd. ("**EMS**") from rights-of-use assets to investment properties as the leasehold land of EMS is mainly used to collect rental and capital appreciation since 1 January 2020.
- 2) Being reclassification of rental deposits from the Group's other liabilities to other payables in EMS.
- 3) Mainly due to reclassification of non-trade payables to other payables in EMS.
- 4) Mainly due to reclassification of rental deposits from non-current liabilities and reduction in grant payable to tenants in EMS.
- 5) Please see the individual explanations of the line items mentioned in section B of this announcement - Consolidated Statement of Comprehensive Income as at 31 December 2020, in arriving at variance of the Group's reserves.
- 6) Being impairment of loss on investment in Group's wholly-owned subsidiary, Poh Huat Heng Corporation Pte. Ltd. ("**PHH**").

*: Immaterial

n.m.: Not meaningful

B. Consolidated Statement of Comprehensive Income as at 31 December 2020

	The Group				Note
	FY2020 (Audited)	FY2020 (Unaudited)	Variance		
	S\$'000	S\$'000	S\$'000	%	
Revenue	11,696	12,145	-449	-3.7%	7
Cost of sales and services	-8,044	-8,549	505	-5.9%	8
Other income	1,578	1,301	277	21.3%	9
Administrative expenses	-5,648	-5,667	19	-0.3%	10
Loss on derecognition of financial assets	-131	-	-131	n.m.	11
Total comprehensive loss for the year	-4,250	-4,473	223	-5.0%	

Note:

- 7) Mainly due to the reclassification of cost of sales incurred for revenue which the Group is determined to be an agent to the sales arrangement.
- 8) Mainly due to reclassification of certain cost of sales to revenue. These costs incurred relates to services which the Group provides to its tenants of which the Group is an agent to the sales arrangement.
- 9) Mainly due to recognition of cash grant in relation to rental waiver for tenants in EMS.
- 10) Being elimination of intercompany transactions.
- 11) Being recognition of derecognition loss of financial assets arising from the rental waiver voluntarily given by EMS to its tenants during the year.

n.m.: Not meaningful

C. Consolidated Statement of Cash Flows for FY2020

	The Group				Note
	FY2020 (Audited)	FY2020 (Unaudited)	Variance		
	S\$'000	S\$'000	S\$'000	%	
Loss before tax:	-4,809	-5,031	222	-4.4%	
Depreciation of property, plant and equipment	479	480	-1	-0.2%	*
Depreciation of investment properties	3,110	2,803	307	11.0%	12
Depreciation of right-of-use assets	-	307	-307	-100.0%	12
Amortisation of intangible assets	919	918	1	0.1%	*
Net foreign exchange loss - unrealised	3	2	1	50.0%	*
Loss on derecognition of financial assets	131	-	131	n.m.	11
Rent concession	-33	-	-33	n.m.	13
Interest expense	181	183	-2	-1.1%	*
Trade and other receivables, and other current assets	1,871	2,001	-130	-6.5%	14
Trade and other payables	-2,731	-2,507	-224	8.9%	15
Interest paid	-	-183	183	-100.0%	16
Income tax paid	-1,356	-1,293	-63	4.9%	17
Income tax refund	63	-	63	n.m.	17
Net cash from operating activities	794	647	147	22.7%	
Purchase of property, plant and equipment	-56	-58	2	-3.4%	*
Purchase of intangible assets	-42	-39	-3	7.7%	*
Proceeds from disposal of property, plant and equipment	11	10	1	10.0%	*
Net cash used in investing activities	-87	-87	-	-	
Interest paid for short-term bridging loan	-2	-	-2	n.m.	*
Principal payment of lease liability	-635	-491	-144	29.3%	18
Principal repayment of lease liabilities from financial institutions	-30	-28	-2	7.1%	*
Net cash used in financing activities	-567	-419	-148	35.3%	

Note:

- 12) Being reclassification of rights-of-use assets to Investment properties in EMS.
- 13) Being recognition of rental rebate received by Group's wholly-owned subsidiary, Premium Concrete Pte. Ltd. ("PC").
- 14) Mainly due to recognition of loss on derecognition of rent waiver in EMS.
- 15) Mainly due to decrease in grant payable to tenants.
- 16) Being reclassification to financing activities. See Note 18 for details.
- 17) Being reclassification of tax refund.
- 18) Being rental concession received by PC classified as non-cash movement and included interest payment within.

*: Immaterial

n.m.: Not meaningful