



HGH Holdings Ltd.

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

Condensed interim financial statements For the six months and full year ended 31 December 2021

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.

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

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UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2021

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

	Note	Group					
		Unaudited	Unaudited	% Change + / (-)	Unaudited	Audited	
		6 months ended	31 Dec		12 months ended	31 Dec	
		31 Dec 2021	2020	31 Dec 2021	2020	% Change + / (-)	
		S\$'000	S\$'000	S\$'000	S\$'000		
Revenue		12,637	5,115	n.m.	20,071	11,696	71.6
Cost of sales		(10,437)	(3,773)	n.m.	(15,537)	(8,044)	93.2
Gross profit		2,200	1,342	63.9	4,534	3,652	24.2
Other income		627	1,160	(45.9)	997	1,578	(36.8)
Distribution costs		(560)	21	n.m.	(844)	(242)	n.m.
Administrative expenses		(1,797)	(2,821)	(36.3)	(5,146)	(5,648)	(8.9)
Other expenses		(1,466)	(2,980)	(50.8)	(1,932)	(3,442)	(43.9)
Loss on derecognition of financial assets		-	(131)	n.m.	-	(131)	n.m.
Provision of impairment loss on financial assets, net		(414)	(394)	5.1	(457)	(394)	16.0
Finance costs		(98)	(105)	(6.7)	(173)	(182)	(4.9)
Loss before tax	5	(1,508)	(3,908)	(61.4)	(3,021)	(4,809)	(37.2)
Income tax credit	6	818	656	24.7	729	556	31.1
Loss for the financial period/year		(690)	(3,252)	(78.8)	(2,292)	(4,253)	(46.1)
Other comprehensive income/(loss)							
<u>Items that may be reclassified subsequently to profit or loss:</u>							
Currency translation differences on consolidation of foreign entities (net)		143	(5)	n.m.	3	3	n.m.
<u>Items that will not be reclassified subsequently to profit or loss:</u>							
Equity investment at FVOCI – net change in fair value		(35)	-	n.m.	(35)	-	n.m.
Total comprehensive loss for the period/year		(582)	(3,257)	(82.1)	(2,324)	(4,250)	(45.3)
Total loss attributable to:							
- Equity holders of the Company		(690)	(3,249)		(2,286)	(4,236)	
- Non-controlling interests		-	(3)		(6)	(17)	
Total comprehensive loss attributable to:							
- Equity holders of the Company		(582)	(3,254)		(2,318)	(4,233)	
- Non-controlling interests		-	(3)		(6)	(17)	
Loss per share for the period/year attributable to equity holders of the Company:							
Basic (SGD in cent)		(0.04)	(0.18)		(0.13)	(0.24)	
Diluted (SGD in cent)		(0.04)	(0.18)		(0.13)	(0.24)	

n.m. = not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,664	1,812	-	-
Investment properties	11	53,530	56,618	-	-
Right-of-use assets		256	-	-	-
Intangible assets	9	101	1,886	-	-
Subsidiaries		-	-	25,000	26,533
Financial assets, at FVOCI		-	35	-	-
Total non-current assets		55,551	60,351	25,000	26,533
Current assets					
Cash and bank balances		7,750	6,784	154	131
Trade and other receivables		3,576	1,889	-	-
Other current assets		890	326	26	19
Contract assets		202	-	-	-
Inventories		237	297	-	-
Total current assets		12,655	9,296	180	150
Total assets		68,206	69,647	25,180	26,683
LIABILITIES					
Non-current liabilities					
Lease liabilities from financial institutions		13	-	-	-
Lease liabilities		5,351	5,709	-	-
Deferred tax liabilities		8,090	8,814	-	-
Other liabilities		359	359	-	-
Total non-current liabilities		13,813	14,882	-	-
Current liabilities					
Trade and other payables		5,454	3,446	11,539	11,152
Bank borrowings	12	-	100	-	-
Lease liabilities from financial institutions		16	27	-	-
Lease liabilities		624	389	-	-
Provision for defect liability		240	240	-	-
Income tax payable		112	292	-	-
Total current liabilities		6,446	4,494	11,539	11,152
Total liabilities		20,259	19,376	11,539	11,152
Net assets		47,947	50,271	13,641	15,531

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

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	35,225	35,225	35,225	35,225
Reserves		12,752	15,070	(21,584)	(19,694)
		47,977	50,295	13,641	15,531
Non-controlling interests		(30)	(24)	-	-
Total equity		47,947	50,271	13,641	15,531

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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 2021	35,225	(6,478)	8	(115)	21,655	50,295	(24)	50,271
Loss for the year	-	-	-	-	(2,286)	(2,286)	(6)	(2,292)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	-	-	3	-	-	3	-	3
- Equity investment in FVOCI, net change in fair value	-	-	-	(35)	-	(35)	-	(35)
Total comprehensive income / (loss) for the year	-	-	3	(35)	(2,286)	(2,318)	(6)	(2,324)
Balance at 31 December 2021	35,225	(6,478)	11	(150)	19,369	47,977	(30)	47,947
Group Audited								
Balance at 1 January 2020	35,225	(6,478)	5	(115)	25,891	54,528	(7)	54,521
Loss for the year	-	-	-	-	(4,236)	(4,236)	(17)	(4,252)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	-	-	3	-	-	3	-	3
Total comprehensive income / (loss) for the year	-	-	3	-	(4,236)	(4,233)	(17)	(4,250)
Balance at 31 December 2020	35,225	(6,478)	8	(115)	21,655	50,295	(24)	50,271

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 2021	35,225	(19,694)	15,531
Total comprehensive loss for the year	-	(1,890)	(1,890)
Balance at 31 December 2021	35,225	(21,584)	13,641
Company Audited			
Balance at 1 January 2020	35,225	(14,189)	21,036
Total comprehensive loss for the year	-	(5,505)	(5,505)
Balance at 31 December 2020	35,225	(19,694)	15,531

D. Condensed interim consolidated statement of cash flows

	Group	
	Unaudited 12 months ended 31 December 2021	Audited 31 December 2020
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(3,021)	(4,809)
Adjustments for:		
Depreciation of property, plant and equipment	488	479
Depreciation of right-of-use assets	166	-
Depreciation of investment properties	3,088	3,110
Amortisation of intangible assets	939	919
Impairment loss on goodwill	-	2,506
Impairment loss on property, plant and equipment	48	-
Impairment loss on intangible assets	846	-
Impairment loss on right-of-use assets	116	-
(Gain)/loss on disposal of property, plant and equipment	(136)	1
Gain on termination of right-of-use assets	(160)	-
Net foreign exchange loss-unrealised	3	3
Loss on derecognition of financial assets	-	131
Provision of impairment loss on financial assets, net	457	394
Provision for defects liability	-	240
Rent concession	-	(33)
Interest expense	174	181
Operating profit before working capital changes	3,008	3,122
Decrease/(increase) in inventories	60	(174)
(Increase)/decrease in trade and other receivables	(2,708)	1,871
Increase in contract assets	(202)	-
Increase/(decrease) in trade and other payables	2,008	(2,731)
Cash generated from operations	2,166	2,088
Net taxation paid	(173)	(1,294)
Net cash generated from operating activities	1,993	794
Cash flows from investing activities		
Purchase of property, plant and equipment	(373)	(56)
Purchase of intangible asset	-	(42)
Proceeds from disposal of property, plant and equipment	156	11
Net cash used in investing activities	(217)	(87)
Cash flows from financing activities		
Principal and interest repayment of lease liabilities	(672)	(635)
Principal and interest repayment of lease liabilities from financial institutions	(35)	(30)
Repayment of short-term bridging loan	(100)	-
Proceeds from short-term bridging loan	-	100
Interest paid for short-term bridging loan	(3)	(1)
Net cash used in financing activities	(810)	(566)
Net increase in cash and cash equivalents	966	141
Cash and cash equivalents at beginning of the year	6,784	6,643
Cash and cash equivalents at end of the year	7,750	6,784

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 twelve months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is 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 twelve months ended 31 December 2021 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 2020.

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

The adoption of the various new/revised SFRS(I) effective for the financial year beginning on 1 January 2021 does not have a material financial effect on the Group and the Company.

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 may be 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 22 years and 15 years for leasehold buildings and other assets respectively. 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.

In prior years, the Group provided ancillary services to the occupants of the industrial complex it holds. Upon readjustment of the Group's business focus in light of manpower shortage during the COVID-19 situation, the Group has decided to cease the ancillary warehousing services which were previously included as part of the operating leases with its tenants, effectively on 1 January 2020. As a result of this change in the business directions, the industrial complex meets the definition of investment property. As the Group uses cost model, the transfer from owner-occupied property to investment property does not result in a change in the carrying amount of the property transferred.

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 July 2021 to 31 December 2021						
Revenue						
Total revenue	4,582	1,261	4,956	2,252	-	13,051
Inter-segment sales	(502)	(233)	(25)	346	-	(414)
Sales to external parties	4,080	1,028	4,931	2,598	-	12,637
Results:						
Segment gross profit	1,200	(285)	827	458	-	2,200
Allocated operating expenses – net	(1,315)	(178)	(602)	(1,329)	(186)	(3,610)
Finance costs	(73)	(7)	(17)	(1)	-	(98)
Loss before income tax	(188)	(470)	208	(872)	(186)	(1,508)
Income tax credit	638	-	-	180	-	818
Loss for the period	450	(470)	208	(692)	(186)	(690)
Segment assets	61,441	758	3,163	2,671	173	68,206
Segment liabilities	16,048	446	2,005	1,634	126	20,259
Other material non-cash items						
Provision of impairment loss on financial assets, net	182	56	37	139	-	414
Impairment of property, plant and equipment	-	-	-	48	-	48
Impairment loss on intangible assets	-	-	-	846	-	846
Impairment loss on right-of-use assets	-	116	-	-	-	116
Depreciation of property, plant and equipment and investment properties	1,752	44	82	78	-	1,956
Depreciation of right-of-use assets	-	16	150	-	-	166
Amortisation of intangible assets	248	-	21	211	-	480

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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 July 2020 to 31 December 2020						
Revenue						
Total revenue	4,461	1,458	42	67	-	6,028
Inter-segment sales	(443)	(433)	-	(37)	-	(913)
Sales to external parties	4,018	1,025	42	30	-	5,115
Results:						
Segment gross profit	1,299	500	(52)	(405)	-	1,342
Allocated operating expenses – net	(983)	(330)	(149)	(3,452)	(231)	(5,145)
Finance costs	(74)	(18)	(12)	(1)	-	(105)
Loss before income tax	242	152	(213)	(3,858)	(231)	(3,908)
Income tax credit	611	-	-	36	9	656
Loss for the period	853	152	(213)	(3,822)	(222)	(3,252)
Segment assets	64,867	981	937	2,715	147	69,647
Segment liabilities	16,895	621	252	1,547	61	19,376
Other material non-cash items						
Provision of impairment loss on financial assets, net	286	52	73	(17)	-	394
Loss on derecognition of financial assets	131	-	-	-	-	131
Depreciation of property, plant and equipment and investment properties	1,751	36	69	98	-	1,954
Amortisation of intangible assets	247	-	2	211	-	460
Impairment loss on goodwill	-	-	-	2,506	-	2,506
Provision for defect liability	-	-	-	240	-	240

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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
From 1 January 2021 to 31 December 2021						
Revenue						
Total revenue	8,990	3,335	6,615	3,059	-	21,999
Inter-segment sales	(958)	(814)	(69)	(87)	-	(1,928)
Sales to external parties	8,032	2,521	6,546	2,972	-	20,071
Results:						
Segment gross profit	2,954	581	1,106	(107)	-	4,534
Allocated operating expenses – net	(2,128)	(507)	(1,015)	(3,359)	(373)	(7,382)
Finance costs	(144)	(9)	(18)	(2)	-	(173)
Loss before income tax	682	65	73	(3,468)	(373)	(3,021)
Income tax credit	513	-	-	216	-	729
Loss for the year	1,195	65	73	(3,252)	(373)	(2,292)
Segment assets	61,441	758	3,163	2,671	173	68,206
Segment liabilities	16,048	446	2,005	1,634	126	20,259
Other material non-cash items						
Provision of impairment loss on financial assets, net	182	99	37	139	-	457
Impairment of property, plant and equipment	-	-	-	48	-	48
Impairment loss on intangible assets	-	-	-	846	-	846
Impairment loss on right-of-use assets	-	116	-	-	-	116
Gain on disposal of property, plant and equipment	-	-	(130)	(6)	-	(136)
Gain on termination of right-of-use assets	-	(160)	-	-	-	(160)
Depreciation of property, plant and equipment and investment properties	3,195	82	151	148	-	3,576
Depreciation of right-of-use assets	-	16	150	-	-	166
Amortisation of intangible assets	495	-	21	423	-	939

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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
From 1 January 2020 to 31 December 2020						
Revenue						
Total revenue	8,589	2,468	1,935	352	-	13,344
Inter-segment sales	(939)	(611)	(1)	(97)	-	(1,648)
Sales to external parties	7,650	1,857	1,934	255	-	11,696
Results:						
Segment gross profit	2,796	779	235	(158)	-	3,652
Allocated operating expenses – net	(1,748)	(619)	(557)	(4,944)	(411)	(8,279)
Finance costs	(150)	(19)	(12)	(1)	-	(182)
Loss before income tax	898	141	(334)	(5,103)	(411)	(4,809)
Income tax	479	-	-	72	5	556
Loss for the year	1,377	141	(334)	(5,031)	(406)	(4,253)
Segment assets	64,867	981	937	2,715	147	69,647
Segment liabilities	16,895	621	252	1,547	61	19,376
Other material non-cash items						
Provision of impairment loss on financial assets, net	286	52	73	(17)	-	394
Loss on derecognition of financial assets	131	-	-	-	-	131
Depreciation of property, plant and equipment and investment properties	3,194	73	139	183	-	3,589
Amortisation of intangible assets	494	-	2	423	-	919
Impairment loss on goodwill	-	-	-	2,506	-	2,506
Provision for defect liability	-	-	-	240	-	240

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3.2 Disaggregation of Revenue

6 months ended 31 December 2021

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
Types of goods or service:						
Sale of goods	-	1,028	4,931	-	-	5,959
Service income	100	-	-	-	-	100
Rental income	3,980	-	-	-	-	3,980
Contract income	-	-	-	2,598	-	2,598
Total revenue	4,080	1,028	4,931	2,598	-	12,637
Timing of revenue recognition:						
At a point in time	-	1,028	4,931	-	-	5,959
Over time	100	-	-	2,598	-	2,698
Total revenue	100	1,028	4,931	2,598	-	8,657

6 months ended 31 December 2020

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
Types of goods or service:						
Sale of goods	-	1,025	42	-	-	1,067
Service income	66	-	-	-	-	66
Rental income	3,952	-	-	-	-	3,952
Contract income	-	-	-	30	-	30
Total revenue	4,018	1,025	42	30	-	5,115
Timing of revenue recognition:						
At a point in time	-	1,025	10	-	-	1,035
Over time	66	-	32	30	-	128
Total revenue	66	1,025	42	30	-	1,163

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UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2021
3.2 Disaggregation of Revenue (Continued)

12 months ended 31 December 2021

Group						Total S\$'000
	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	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Types of goods or service:						
Sale of goods	-	2,521	6,546	-	-	9,067
Service income	100	-	-	-	-	100
Rental income	7,932	-	-	-	-	7,932
Contract income	-	-	-	2,972	-	2,972
Total revenue	8,032	2,521	6,546	2,972	-	20,071
Timing of revenue recognition:						
At a point in time	-	2,521	6,546	-	-	9,067
Over time	100	-	-	2,972	-	3,072
Total revenue	100	2,521	6,546	2,972	-	12,139

12 months ended 31 December 2020

Group						Total S\$'000
	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	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Types of goods or service:						
Sale of goods	-	1,857	1,934	-	-	3,791
Service income	66	-	-	-	-	66
Rental income	7,584	-	-	-	-	7,584
Contract income	-	-	-	255	-	255
Total revenue	7,650	1,857	1,934	255	-	11,696
Timing of revenue recognition:						
At a point in time	-	1,857	1,902	-	-	3,759
Over time	66	-	32	255	-	353
Total revenue	66	1,857	1,934	255	-	4,112

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A breakdown of sales:

	Group		
	Financial year ended 31 December 2021	Financial year ended 31 December 2020	Increase / (Decrease)
	\$'000	\$'000	%
Sales reported for the first half year	7,434	6,581	13.0
Operating loss after tax before deducting non- controlling interests reported for first half year	(1,602)	(1,001)	60.0
Sales reported for second half year	12,637	5,115	n.m.
Operating loss after tax before deducting non- controlling interests reported for second half year	(690)	(3,252)	(78.8)

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Financial assets, at FVOCI	-	35	-	-
Cash and bank balances and trade and other receivables (Amortised cost)	11,754	8,668	154	131
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	5,483	3,573	11,539	11,152

5. Loss before taxation

5.1 Significant items

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Government grants received	123	1,002	359	1,305
Gain/(loss) on disposal of property, plant and equipment	130	(1)	136	(1)
Gain on termination of right-of-use assets	160	-	160	-
Expenses				
Interest on borrowings	98	105	173	182
Amortisation of intangible asset	480	460	939	920
Depreciation of property, plant and equipment and investment properties	1,956	1,954	3,576	3,589
Depreciation of right-of-use assets	166	(153)	166	-
Impairment loss on goodwill	-	2,506	-	2,506
Impairment loss on property, plant and equipment	48	-	48	-
Impairment loss on intangible assets	846	-	846	-
Impairment loss on right-of-use assets	116	-	116	-
Net impairment loss on financial assets	414	394	457	394
Net foreign exchange loss-unrealised	143	(5)	3	3
Provision for defects liability	-	240	-	240

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

	Group			
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Current income tax credit	(408)	(401)	(5)	13
Deferred income tax expense relating to origination and reversal of temporary differences	(410)	(255)	(724)	(569)
	(818)	(656)	(729)	(556)

7. Net Asset Value

	Group		Company	
	31 Dec 2021 S\$ cents	31 Dec 2020 S\$ cents	31 Dec 2021 S\$ cents	31 Dec 2020 S\$ cents
Net asset value per ordinary share	2.69	2.82	0.77	0.87

8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Equity Investment	-	35

8.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**

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The following table presented the assets measured at fair value:

	Group Fair value measurements at the end of the reporting period using			
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2021				
Financial assets				
FVOCI investments (Quoted investments)	-	-	-*	-
31 December 2020				
Financial assets				
FVOCI investments (Quoted investments)	-	-	35	35

* The fair value of investment was written down to zero as of 31 December 2021.

9. Intangible assets

	Group		
	Customer relationships S\$'000	Software S\$'000	Total S\$'000
Cost			
Beginning/End of financial year	4,589	42	4,631
Accumulated amortisation			
Beginning of financial year	2,743	2	2,745
Charge for the year	918	21	939
End of financial year	3,661	23	3,684
Impairment loss			
Beginning of financial year	-	-	-
Impairment loss during the year	846	-	846
End of financial year	846	-	846
Net book value			
At 31 Dec 2021	82	19	101
At 31 Dec 2020	1,846	40	1,886

10. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to S\$373,002 (31 December 2020: S\$56,411) and disposed of assets amounting to S\$251,154 (31 December 2020: S\$85,578).

11. Investment properties

The Group's investment properties consist of leasehold industrial buildings, 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.

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cost		
Beginning of financial year	68,047	-
Transfer from property, plant and equipment	-	61,758
Transfer from right-of-use assets	-	6,289
End of financial year	68,047	68,047

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	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<i>Accumulated depreciation and impairment losses</i>		
Beginning of financial year	11,429	-
Transfer from property, plant and equipment	-	8,012
Transfer from right-of-use assets	-	307
Depreciation charge for the year	3,088	3,110
End of financial year	<u>14,517</u>	<u>11,429</u>
<i>Net book value</i>		
At end of financial year	<u>53,530</u>	<u>56,618</u>

The Company's investment properties were 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.

12. Borrowings

	Group	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<u>Amount repayable within one year</u>		
Secured	-	100

The 1-year bridging loan was repaid on 14 July 2021 and bears interest at 2.50% per annum.

Short-term bridging loan is personally guaranteed by a director of the subsidiary.

13. Share capital

	Group and Company			
	31 Dec 2021		31 Dec 2020	
	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 31 December 2021 and 31 December 2020.

14. 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 Holdings Ltd. and its subsidiaries as at 31 December 2021, and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest financial statements for the financial year ended 31 December 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Review of performance of the Group

Statement of Comprehensive Income

Review of Statement of Comprehensive Income in relation to the six months period ended 31 December 2021 ("2H 2021") and full year ended 31 December 2021 ("FY 2021") compared to six months period ended 31 December 2020 ("2H 2020") and full year ended 31 December 2020 ("FY 2020")

Revenue

The Group's revenue for 2H 2021 and FY 2021 increased by S\$7.50 million and S\$8.37 million respectively as compared to 2H 2020 and FY 2020. The increase was mainly due to overall increase in all entities and higher revenue generated from PC and PHH by approximately S\$4.61 million and S\$2.71 million respectively.

Cost of Sales

Cost of sales for 2H 2021 was higher by S\$6.66 million as compared to 2H 2020 while FY2021 was higher by S\$7.49 million in comparison to FY2020. This was in tandem with the increased in revenue as well as reclassification of project related expenses of approximately S\$1.46 million from General and Administrative Costs in PHH.

Gross Profit

Gross profit in 2H 2021 and FY2021 amounted to approximately S\$ 2.20 million and S\$4.53 million respectively; a considerable increase of 63.9% and 24.2% respectively as compared to 2H 2020 and FY2020.

Other Income

In 2H 2021, the Group's other operating income reduced by S\$0.53 million while in FY 2021, it was decreased by S\$0.58 million. It was mainly due to decreased contribution from government grants provided as COVID-19 support and gain on termination of right-of-use assets amounting to S\$0.16 million in WPP(M).

Distribution Costs

In FY 2021, the Group's distribution cost increased by S\$0.60 million as compared to FY2020 while in 2H 2021, it was higher by S\$0.58 million. This was mainly due to higher expenses incurred by PC during the year, in tandem with the increase in its revenue.

Administrative Costs

As compared to 2H 2020, the Group's administrative expenses decreased by approximately S\$1.02 million in 2H 2021. This was mainly due to the reclassification of project related expenses of approximately S\$1.46 million to costs of sales in PHH, offset by higher rental of equipment and transportation, amounting to S\$0.12 million and S\$0.32 million respectively in EMS. In FY 2021, the Group's administrative expenses decreased by approximately S\$0.50 million or 8.9% as compared to FY2020. This was mainly due to same factors as explained in 2H 2021 as well as increased director remuneration, levies and staff wages in PHH, amounting to S\$0.10 million and S\$0.37 million respectively.

Other expenses

The Group's other expenses reduced by S\$1.51 million in both 2H 2021 and FY 2021 mainly due to the impairment of intangible assets (i.e., PHH's customer relationships) amounting to S\$0.85 million and impairment loss on right-of-use assets of WPP (M) of S\$0.12 million in FY 2021 as compared to the impairment of goodwill amounting to S\$2.51 million in FY 2020.

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Net impairment loss on financial assets

The Group's net impairment loss of S\$0.41 million and S\$0.46 million on the Group's financial assets for 2H 2021 and FY2021 respectively is mainly due to the impairment of receivables in EMS.

Finance expenses

The Group's finance costs for current year and period remained constant as compared to 2H 2020 and FY 2020.

Income Tax Credit

The Group's income tax credit for 2H 2021 and FY2021 is mainly due to the deferred tax assets arising from the fair value adjustment for the investment property of EMS and the impairment of PHH's intangible asset amounting to S\$0.14 million.

Balance Sheet

Property, Plant and Equipment

As at 31 December 2021, the net book value of the Group's property, plant and equipment was approximately S\$1.66 million. The foregoing constituted approximately 3.0% of the Group's non-current assets as at 31 December 2021.

Investment properties

The leasehold building of EMS was charged with depreciation amounting to S\$3.09 million in FY 2021 and it constituted 96.4% of the Group's non-current assets.

Right-of-use assets

The Group's intangible assets are in relation to the lease of plants by PC for the purpose of producing ready-mix concrete.

Intangible Assets

The Group's intangible assets are in relation to the fair value of the contractual rental agreements entered into with EMS and non-contractual customer relationships with PHH and the intangible asset acquired by PC previously. During the year, amortisation amounting to S\$0.94 million was charged and non-contractual customer relationships with PHH amounting to S\$0.85 million was impaired.

Inventories

As at 31 December 2021, the inventories decreased slightly by S\$0.06 million.

Trade and other receivables

Compared to FY 2021, trade and other receivables increased by S\$1.7 million, mainly due to higher revenue recorded, offset by impairment loss during the year.

Contract assets

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

Cash and Bank Balance

The Group's cash and bank balances increased by S\$1.0 million. More details on the cash flow movement can be found in the herein analysis of the Group's Statement of Cash Flow.

Trade and other payables

Trade and other payables amounted to S\$5.45 million which constituted 84.6% of the Group's current liabilities.

Provision for defects liability

The provision for defects liability amounting to S\$0.24 million was provided for in FY2020 for the contracts delivered by PHH.

Lease Liabilities

The lease liabilities decreased due to repayments during the year.

Bank Borrowings

The Group has settled the S\$0.10 million of borrowings for working capital in FY2021.

Income Tax Payable

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

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Statement of Cash Flows

The net increase in the Group's cash and cash equivalents amounted to approximately S\$0.97 million, which was attributable to the following:

Net cash generated from operating activities of S\$1.99 million

The operating cash flows before changes in working capital amounted to S\$3.01 million and the net cash generated from operating activities was mainly due to decrease in inventories, increase in trade and other receivables and other current assets, contract assets as well as increase in trade and other payables amounting to S\$0.06 million, S\$2.71 million, S\$0.20 million and S\$2.01 million respectively.

Net cash used in investing activities of S\$0.22 million

The net cash used in investing activities was mainly due to the purchase of plants and equipment amounting to S\$0.37 million that is partially offset by the proceeds from disposal of plants and equipment amounting to S\$0.16 million.

Net cash used in financing activities of S\$0.81 million

The net cash used in financing activities was mainly due to repayment of lease liabilities amounting to S\$0.67 million and the settlement of short-term loan amounting to S\$0.10 million.

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 outbreak of COVID-19 pandemic and related global responses have caused disruptions to businesses around the world, leading to an economic slowdown. With the global economic slowdown, the Group expects a slow recovery in its business activities. It may take a longer time before operations can be normalised amid the uncertainties ahead. 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 against the backdrop of the COVID-19 situation particularly in Singapore and Malaysia, which has resulted in labour shortage. The Group will continue to stay vigilant on managing its operation costs.

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 year ended 31 December 2021.

(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 year ended 31 December 2020.

(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.

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(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 year ended 31 December 2021 and due to the uncertainty and challenging economic crisis following the outbreak of COVID-19 pandemic, 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.

8. Disclosure on Acquisitions and Realisation of Shares pursuant to Catalist Rule 706(A)

There were 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 the full financial year ended 31 December 2021.

9. 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 year ended 31 December 2021 (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.

10. 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.

Name	Age	Family relationship with any director and/ or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Jun Hao	33	Nephew of Executive Director, Tan Poh Guan	Director, Engineering Manufacturing Services (S) Pte. Ltd., January 2019 – Present Director, Poh Huat Heng Corporation Pte. Ltd., August 2014 – Present Director, Premium Concrete Pte. Ltd. November 2020 – Present	N.A.

**HGH HOLDINGS LTD.
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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