



HGH Holdings Ltd.

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

Condensed interim financial statements For the six months ended 30 June 2022

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 2022

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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 2022	30 Jun 2021	
		S\$'000	S\$'000	
Revenue		10,191	7,434	37.1
Cost of sales		(8,262)	(5,100)	62.0
Gross profit		1,929	2,334	(17.4)
Other income		416	370	12.4
Distribution expenses		(486)	(284)	71.1
General and administrative expenses		(3,037)	(3,349)	(9.3)
Other expenses		(82)	(466)	(82.4)
Net impairment loss on financial assets		-	(43)	n.m.
Finance expenses		(87)	(75)	16.0
Loss before taxation	5	(1,347)	(1,513)	(11.0)
Tax expense	6	(48)	(89)	(46.1)
Loss for the financial period, net of tax		(1,395)	(1,602)	(12.9)
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)		29	(140)	n.m.
Total comprehensive loss for the period		(1,366)	(1,742)	(21.6)
(Loss)/Profit attributable to:				
- Owners of the Company		(1,392)	(1,605)	(13.3)
- Non-controlling interests		(3)	3	n.m.
Total comprehensive (loss)/income attributable to:				
- Owners of the Company		(1,363)	(1,745)	
- Non-controlling interests		(3)	3	
<u>Loss per share for the period attributable to the owners of the Company:</u>				
Basic (SGD in cent)		(0.08)	(0.09)	
Diluted (SGD in cent)		(0.08)	(0.09)	

n.m. = not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		Unaudited 30 Jun 2022 S\$'000	Audited 31 Dec 2021 S\$'000	Unaudited 30 Jun 2022 S\$'000	Audited 31 Dec 2021 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	3,553	1,685	-	-
Investment properties	10	51,926	53,509	-	-
Right-of-use assets		128	256	-	-
Intangible assets	8	57	101	-	-
Subsidiaries		-	-	25,000	25,000
Total non-current assets		55,664	55,551	25,000	25,000
Current assets					
Inventories		261	237	-	-
Trade and other receivables		2,820	3,566	-	-
Other current assets		981	890	2	26
Contract assets		888	202	-	-
Cash and bank balances		6,646	7,750	84	154
Total current assets		11,596	12,645	86	180
Total assets		67,260	68,196	25,086	25,180
LIABILITIES					
Non-current liabilities					
Lease liabilities from financial institutions		777	13	-	-
Lease liabilities		5,222	5,353	-	-
Deferred tax liabilities		7,839	8,089	-	-
Other liabilities		684	684	-	-
Total non-current liabilities		14,522	14,139	-	-
Current liabilities					
Trade and other payables		4,846	5,118	11,637	11,539
Lease liabilities from financial institutions		224	16	-	-
Lease liabilities		496	624	-	-
Provision for defect liability		240	240	-	-
Income tax payable		351	112	-	-
Total current liabilities		6,157	6,110	11,637	11,539
Total liabilities		20,679	20,249	11,637	11,539
Net assets		46,581	47,947	13,449	13,641

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

Note	Group		Company	
	Unaudited 30 Jun 2022 S\$'000	Audited 31 Dec 2021 S\$'000	Unaudited 30 Jun 2022 S\$'000	Audited 31 Dec 2021 S\$'000
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	11	35,225	35,225	35,225
Reserves		11,403	(21,776)	(21,584)
		46,628	13,449	13,641
Non-controlling interests		(47)	-	-
Total equity		46,581	13,449	13,641

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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 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
Group Unaudited								
Balance at 1 January 2021	35,225	(6,478)	7	(115)	21,656	50,295	(24)	50,271
(Loss)/Profit for the period	-	-	-	-	(1,605)	(1,605)	3	(1,602)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	-	-	(140)	-	-	(140)	-	(140)
Total comprehensive income / (loss) for the period	-	-	(140)	-	(1,605)	(1,745)	3	(1,742)
Balance at 30 June 2021	35,225	(6,478)	(133)	(115)	20,051	48,550	(21)	48,529

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 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
Company Unaudited			
Balance at 1 January 2021	35,225	(19,694)	15,531
Total comprehensive loss for the period	-	(178)	(178)
Balance at 30 June 2021	35,225	(19,872)	15,353

D. Condensed interim consolidated statement of cash flows

	Group Unaudited 6 months ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(1,347)	(1,513)
Adjustments for:		
Depreciation of property, plant and equipment	240	229
Depreciation of right-of-use assets	128	-
Depreciation of investment properties	1,583	1,390
Amortisation of intangible assets	95	469
Gain on disposal of property, plant and equipment	(62)	(6)
Net foreign exchange loss/(gain)-unrealised	29	(140)
Provision of impairment loss on financial assets, net	-	43
Interest expense	78	76
Operating profit before working capital changes	744	548
Inventories	(24)	113
Trade and other receivables and other current assets	655	(1,223)
Contract assets	(686)	-
Trade and other payables	(272)	780
Cash generated from operations	417	218
Net taxation paid	(59)	(299)
Net cash generated from/(used in) operating activities	358	(81)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,133)	(51)
Purchase of intangible assets	(51)	-
Proceeds from disposal of property, plant and equipment	156	6
Net cash used in investing activities	(1,028)	(45)
Cash flows from financing activities		
Principal repayment of lease liabilities	(262)	(245)
Principal repayment of lease liabilities from financial institutions	(97)	(16)
Interest paid on borrowings and lease liabilities	(75)	(1)
Net cash used in financing activities	(434)	(262)
Net decrease in cash and cash equivalents	(1,104)	(388)
Cash and cash equivalents at beginning of the period	7,750	6,783
Cash and cash equivalents at end of the period	6,646	6,395

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 2022 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 2022 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 2021.

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 2022 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 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.

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 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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3.1 Reportable segments (Continued)

Group	Leasing and	Manufacturing	Supply and	Provision of	Corporate	Total
	service income	of precast	manufacturing	of underground		
	S\$'000	concrete	of ready-mix	cable	S\$'000	S\$'000
		products	concrete	installation		
			products	and road		
				reinstatement		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 January 2021 to						
30 June 2021						
Revenue						
Total revenue	4,408	2,074	1,659	807	-	8,948
Inter-segment sales	(456)	(581)	(44)	(433)	-	(1,514)
Sales to external parties	3,952	1,493	1,615	374	-	7,434
Results:						
Segment gross profit/(loss)	1,754	866	279	(565)	-	2,334
Allocated operating expenses – net	(813)	(329)	(413)	(2,030)	(187)	(3,772)
Finance costs	(71)	(2)	(1)	(1)	-	(75)
Profit/(Loss) before income tax	870	535	(135)	(2,596)	(187)	(1,513)
Income tax	(125)	-	-	36	-	(89)
Profit/(Loss) for the period	745	535	(135)	(2,560)	(187)	(1,602)
Segment assets	62,643	842	1,814	2,858	131	68,288
Segment liabilities	16,541	735	813	1,648	22	19,759
Other material non-cash items						
Provision of impairment loss on financial assets, net	-	43	-	-	-	43
Depreciation of property, plant and equipment	52	38	69	70	-	229
Depreciation of investment properties	1,390	-	-	-	-	1,390
Amortisation of intangible assets	247	-	10	212	-	469

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3.2 Disaggregation of Revenue

6 months ended 30 June 2022

Group	6 months ended 30 June 2022					
	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	-	1,093	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

6 months ended 30 June 2021

Group	6 months ended 30 June 2021					
	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	-	1,493	1,615	-	-	3,108
Service income	27	-	-	-	-	27
Rental income	3,925	-	-	-	-	3,925
Contract income	-	-	-	374	-	374
Total revenue	3,952	1,493	1,615	374	-	7,434
Timing of revenue recognition:						
At a point in time	-	1,493	1,615	-	-	3,108
Over time	27	-	-	374	-	401
Total revenue	27	1,493	1,615	374	-	3,509

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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 as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances and trade and other receivables (Amortised cost)	11,049	12,270	84	154
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	11,565	11,124	11,637	11,539

5. Loss before taxation

5.1 Significant items

	Group	
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
	S\$'000	S\$'000
Income		
Government grants received	142	236
Expenses		
Interest on borrowings	87	75
Amortisation of intangible asset	95	469
Depreciation of property, plant and equipment	240	229
Depreciation of right-of-use assets	128	-
Depreciation of investment properties	1,583	1,390
Net impairment loss on financial assets	-	43
Net foreign exchange loss/(gain)-unrealised	29	(140)
Gain on disposal of property, plant and equipment	(62)	(6)

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 2022	6 months ended 30 Jun 2021
	S\$'000	S\$'000
Current income tax expense	(298)	(403)
Deferred income tax expense relating to origination and reversal of temporary differences	250	314
	(48)	(89)

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7. Net Asset Value

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	S\$ cents	S\$ cents	S\$ cents	S\$ cents
Net asset value per ordinary share	2.62	2.69	0.76	0.77

8. Intangible assets

	Group		
	Customer relationships	Software	Total
	S\$'000	S\$'000	S\$'000
Cost			
Beginning of financial period	4,589	42	4,631
Addition	-	51	51
End of financial period	4,589	93	4,682
Accumulated amortisation			
Beginning of financial period	3,661	23	3,684
Charge for the period	82	13	95
End of financial period	3,743	36	3,779
Accumulated impairment loss			
Beginning/end of financial period	846	-	846
Net carrying amount			
At 30 Jun 2022	-	57	57
At 31 Dec 2021	82	19	101

9. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets, mainly mixer trucks under motor vehicles, amounting to S\$ 2,199,625 (30 June 2021: S\$ 51,213) and disposed of assets amounting to S\$156,444 (30 June 2021: S\$6,175). Included within additions are motor vehicles acquired under finance leases amounting to S\$1,066,800.

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 2022	31 Dec 2021
	S\$'000	S\$'000
<i>Cost</i>		
Beginning/end of financial period/year	68,047	68,047
<i>Accumulated depreciation and impairment losses</i>		
Beginning of financial period	14,538	11,429
Depreciation charge for the period/year	1,583	3,109
End of financial period/year	16,121	14,538
<i>Net book value</i>		
At end of financial period/year	51,926	53,509

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 2022		31 Dec 2021	
	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 2022 and 31 December 2021.

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 2022, 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 2021 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 HY2022 increased by S\$2.76 million or 37.1% as compared to HY2021. The increase was mainly due to substantial increase in revenue generated from PC by approximately S\$3.59 million. With effective from 2H 2021, EMS reclassified tenant's utility billing to costs of sales for costs matching. During the HY2022, the utilities billing of approximately S\$0.50 million was reclassified.

Cost of Sales

Cost of sales for HY2022 was higher by S\$3.68 million or 62.0% as compared to HY2021 and this is in line with the increased revenue. Additionally, with effective from 2H 2021, PHH reclassified project related expenses from administrative expenses to costs of sales due to its cost nature. During the HY2022, the project expenses of approximately S\$0.30 million was reclassified. In addition, the delay of projects had adversely impacted the profit margin as all the sunk costs such as depreciation of fixed assets and direct labour were fixed.

Gross Profit

Gross profit in HY2022 amounted to approximately S\$1.93 million; a decrease of 17.4% as compared to HY2021.

Other Income

In HY2022, the Group's other operating income increased fairly by S\$0.05 million.

Distribution Costs

The Group's distribution cost was higher by S\$0.20 million or 71.1% as compared to HY2021. This was mainly due to increased expenses incurred by PC during the period.

General and Administrative Costs

The Group's general and administrative expenses reduced by approximately S\$0.31 million or 9.3% as compared to HY2021. This is mainly due to the reclassification of project related expenses of approximately S\$0.30 million in PHH to costs of sales.

Other expenses

The Group's other expenses reduced substantially by S\$0.38 million, or 82.4% as compared to HY 2021. This is mainly due to customer relationship of EMS fully amortized during the period, amounting to S\$0.08 million as compared to S\$0.25 million in HY 2021. Additionally, customer relationship of PHH with amortization of S\$0.21 million, was fully impaired during 2H 2021.

Net impairment loss on financial assets

The Group's net impairment loss on financial assets for HY2021 is mainly due to the impairment of trade receivables in WPP.

Finance expenses

The Group's finance costs remained relatively constant as compared to HY 2021.

Tax Expense

The Group's income tax expense for HY2021 is mainly due to the recognition of provision of tax for EMS amounting to S\$0.40 million which was offset with deferred tax assets 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 2022, the net carrying amount of the Group's property, plant and equipment was approximately S\$3.55 million. The foregoing constituted approximately 6.4% of the Group's non-current assets as at 30 June 2022.

Investment properties

The leasehold building of EMS was charged with depreciation amounting to S\$1.58 million and it constituted 93.3% of the Group's non-current assets.

Intangible Assets

The Group's intangible assets are in relation to the fair value of the contractual rental agreements entered into with EMS and the intangible asset acquired by PC previously. During the period, amortisation amounting to S\$0.09 million was charged.

Inventories

As at 30 June 2022, the inventories increased slightly by S\$0.24 million.

Trade and other receivables

Compared to FY 2021, trade and other receivables reduced by S\$0.75 million, mainly due to better collection during the period.

Cash and Bank Balance

The Group's cash and bank balances reduced by approximately S\$1.10 million as compared to FY2021.

Trade and other payables

Trade and other payables amounted to S\$4.85 million which constituted 78.9% of the Group's current liabilities.

Provision for defects liability

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

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\$1.10 million, which was attributable to the following:

Net cash generated from operating activities of S\$0.36 million

The operating cash flows before changes in working capital amounted to S\$0.74 million and the net cash used in operating activities was mainly due to increase in inventories, decrease in trade and other receivables and other current assets, increase in contract assets as well as decrease in trade and other payables amounting to S\$0.02 million, S\$0.65 million, S\$0.69 million and S\$0.27 million respectively.

Net cash used in investing activities of S\$1.03 million

The net cash used in investing activities was mainly due to the purchase of plants and equipment amounting to S\$1.13 million, partially offset by proceeds from disposal of plants and equipment amounting to S\$0.16 million.

Net cash used in financing activities of S\$0.43 million

The net cash used in financing activities was mainly due to repayment of lease liabilities and interest amounting to S\$0.26 million and S\$0.08 million and the repayment of finance lease liabilities 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.

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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

Although COVID-19 is entering an endemic stage, the Group still faces severe shortage of foreign labour supply for the civil engineering and construction segments (PHH, WPP and PC) and expect this issue will prolong in the remaining second half of the year and the next 12 months. In addition, the on-going war in Ukraine coupled with supply chain disruption have resulted in escalation of costs to all construction materials. These will have an adverse impact on the profit margin of the Group's existing projects.

Nevertheless, the Group expects positive contribution from the leasing/service income segment (EMS) due to the increase in rental rate with a consistent flow of revenue for the next 12 months.

The Group expects the economic situation to remain challenging and will continue to stay vigilant on managing its operating 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 2022.

(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 2022.

(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 2022, 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 2022 (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 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 HY2022.

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
12 August 2022