



HGH HOLDINGS LTD.

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

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the “**Board**”) of HGH Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the questions raised by Securities Investors Association (Singapore) (“**SIAS**”). In principle, the Company does not elaborate on matters that are deemed commercially sensitive. The Company sets out below the responses to all questions below.

- (1) **The ready-mix concrete segment reported a significant increase in revenue from \$5.3 million in FY2024 to \$25.8 million in FY2025, with losses of \$(1.4) million in FY2024 turning into a profit of \$2.6 million in FY2025.**
- (i) **Can management elaborate on the group’s competitive positioning in the supply and manufacturing of ready-mix concrete? What differentiates the group from competitors in terms of technology, operational efficiency or customer relationships, and to what extent is growth driven by pricing versus other factors?**

Board response:

Management believes the Group is competitively positioned as a nimble and cost-efficient player in the ready-mix concrete market. While maintaining its operational agility, the Group is able to seize opportunities to secure projects that may fall outside the focus of larger players, while maintaining a lean team structure that supports lower overheads and operational efficiency. This approach enables the Group to remain responsive to customer needs swiftly while maintaining cost discipline.

The Group’s growth is attributable to the following factors:

- (i) commissioning of the ready-mix concrete plant in the first quarter of FY2025, which increased production capacity and improved economic of scale, thereby driving the revenue contribution in the supply and manufacturing of ready-mix concrete products segment;
- (ii) the Group’s strong operational support, including timely supply of ready-mix concrete to Poh Huat Heng Corporation Pte. Ltd. (“**PHH**”) for its underground cable installation projects;
- (iii) the Group’s supply to a niche market within the civil engineering sector; and
- (iv) the Group’s strong focus on customisation to meet the specific requirements of key customers.

- (ii) **Depreciation of property, plant and equipment increased from \$0.54 million to \$1.51 million, with depreciation from the ready-mix concrete segment contributing approximately \$1.19 million. Was this mostly contributed by the new ready-mixed (batching) plant? What was the utilisation of the batching plant?**

Board response:

Yes, the depreciation was mostly due to the new batching plant which commenced operation in first quarter of 2025 and the utilisation rate had increased gradually to more than 80% by the end of 2025.

- (iii) **Following the acquisition of the underground cable installation and road reinstatement services business under Poh Huat Heng Corporation Pte. Ltd. (PHH), the \$9 million investment has been fully impaired.**

Do the independent directors consider it timely to undertake a strategic review of this business, including an assessment of its competitiveness, cost structure, management capabilities, operational processes and long-term viability?

Board response:

The Board, including the Independent Directors, have considered the long-standing operational history of PHH as well as its established technical capabilities, industry experience, its ability to continue to effectively undertake its ongoing projects, and remain competitive in securing potential future projects. Accordingly, the Board considers that PHH remains capable of sustaining its operations and executing its project pipeline, notwithstanding the impairment recognised on the investment.

Furthermore, the Board and management constantly conduct regular reviews of the cable installation and road reinstatement services business, likewise for other businesses within the group.

- (2) **As disclosed in Note 34 (Subsequent events; page 90), the group entered into an agreement to subscribe for a 13.5% stake in Cool Farms Holdings Pte. Ltd. for a total consideration of RMB20 million, to be paid in two tranches.**

- (i) **How was this investment opportunity in Cool Farms Holdings sourced, and how does this agri-tech investment align with the group's stated strategy and core competencies?**

Board response:

The investment opportunity in Cool Farms Holdings was identified through the Group's network of contacts. The Group evaluated this investment opportunity based on its potential for collaboration in areas such as the research and development, assembly and production of hydroponic crop box-type modules, research and development and production of germplasm resources and nutrient solutions, chain development and management of smart vegetable farms and/or factories in Asia and the Middle East.

It is projected that Asia and the Middle East will emerge as key markets for green food and water technologies, reaching approximately \$209 million and accounting for nearly 45% of the global market by 2030.¹ These regions demonstrate strong growth potential, supported by rising demand for sustainable food systems and climate-resilient agricultural practices².

While Cool Farms' business is not directly related to the Group's core business, this investment was made with due consideration of Singapore's food security priorities, which focuses on strengthening supply chain resilience, reducing import reliance, and building buffers against disruptions. In this regard, the Singapore Food Agency (SFA) is pursuing three broad strategies namely, import diversification, local production, and overseas food production, to enhance overall food resilience³. Against this backdrop, the Group views this investment as aligned with national priorities and as a strategic opportunity to participate in an emerging growth sector with long-term potential.

- (ii) **What is the board's assessment of the risk-return profile of this investment, and to what extent does it alter the group's overall risk exposure, given its minority stake and limited control?**

Board response:

The Board has assessed the risk-return profile of the investment, taking into consideration that Cool Farms Holdings is profitable and in a positive net asset position, based on its latest consolidated unaudited financial statements for the financial period ended 30 June 2025. The Board further assessed that this investment will not result in a reduction of the Group's net profits or net asset value by 20% or more.

In addition, the Group has conducted due diligence, including several site visits, to gain better understanding of its operations, infrastructure and practices. This has enabled the Company to assess its operational capabilities and verify information provided by Cool Farms Holdings during the site visits.

Having regard to the above, and given its minority stake and limited control over Cool Farms Holdings, the Board is of the view that this investment will not alter the Group's overall risk exposure and it presents a strategic opportunity for the Group to gain exposure to the agri-tech industry.

¹ <https://www.weforum.org/stories/2025/06/transforming-food-water-systems-how-emerging-economies-are-advancing-holistic-innovation/#:~:text=%E2%80%8B%E2%80%8B2.,in%20arid%20and%20desert%20climates.>

² <https://www.weforum.org/stories/2025/09/asia-s-agri-food-transformation/#:~:text=3.,start%20Dups%20across%20the%20region.>

³ <https://www.psd.gov.sg/challenge/articles/strengthening-singapore-s-food-security/>

Separately, the company is divesting a 20% stake in Premium Concrete Pte. Ltd., a wholly owned subsidiary, to Mr Lim Kui Teng for \$2.4 million, implying an equity valuation of \$12 million. An independent valuation as at 31 July 2025 placed its value between \$12.0 million and \$12.5 million.

- (iii) Can the independent directors elaborate on the key assumptions underpinning the independent valuation, including revenue projections, margin assumptions and discount rates? Given the improvement reflected in the FY2025 audited financial statements and the timing of the transaction in March 2026, was an updated valuation considered?**

Board response:

The estimated market value for 100% of Premium Concrete Pte. Ltd. (“**PCPL**”)’s equity on a controlling and non-marketable basis range between S\$12,059,000 and S\$12,471,000 as at 31 July 2025. The Independent Valuer adopted the market approach method, specifically the Guideline Public Company method (“**GPCM**”). The valuation was predicated on PCPL’s forecasted revenue and Earnings Before Interest, Depreciation and Amortisation (“**EBITDA**”). To reflect the nature of the entity, a Control Premium (“**CP**”) of 33.0% was applied to account for the benefits of a controlling interest, while a Discount for Lack of Marketability (“**DLOM**”) of 16.9% was applied to reflect PCPL’s status as a private entity.

The Board would like to reiterate that no valuation was commissioned for the purpose of the transaction. The independent valuation which the Group had commissioned for its internal purposes, was factored into, but was not the sole factor determining the consideration and therefore the equity valuation of PCPL.

The Board is of the view that the Proposed Disposal is in the best interest of the Company as it is expected to strengthen the strategic relationship with Mr Lim, the founder of Chuan Lim Construction Pte. Ltd. (“**Chuan Lim**”). The Proposed Disposal is expected to create operational and commercial synergies, including continued truck maintenance and repair services, ongoing supply of raw materials and collection of sludges, and continued concrete supply to Chuan Lim. In addition, the Proposed Disposal is expected to allow Premium Concrete to tap into Chuan Lim’s network of earthwork, building, and infrastructure contractors, as well as explore opportunities arising from Chuan Lim’s involvement in property development and the dormitory business.

- (iv) For clarity, can the independent directors confirm whether the independent valuation incorporated the waiver of \$6.26 million in loans owed by Premium Concrete to the company, and how this was treated in arriving at the equity valuation?**

Board response:

The independent valuation did not incorporate the waiver of \$6.26 million in loans but it served as a basis for the negotiation with the prospective buyer. The amount was written off in the books of the related company with no impact at group level.

- (3) **Mr Ng Ser Chiang will retire from the board at the conclusion of the forthcoming annual general meeting. Mr Ng Ser Chiang has served on the board since on 15 June 2016. Mr Ng Ser Chiang is also the lead independent director, chairman of the nominating committee, and a member of both the audit committee and remuneration committees.**

Following his retirement, the audit committee will not meet the minimum composition requirements, and the board will no longer comply with Provisions 2.2 and 2.3 of the Code of Corporate Governance.

- (i) **Can the chairman of the nominating committee explain why a new independent director has not been appointed in advance of his own retirement to ensure continuity, maintain compliance and facilitate knowledge transfer?**

Board response:

The Company is actively identifying and assessing suitable candidates who possess the relevant experience, competencies, and independence to strengthen the Board. The Company endeavours to fill the vacancy within two (2) months, and in any event no later than three (3) months from the date of Mr. Ng Ser Chiang's retirement, in order to comply with Rule 704(7) of the Catalist Rules. In the interim, the Board remains confident that its current composition is able to discharge its duties effectively and in compliance with applicable regulations.

- (ii) **Has the nominating committee reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

Board response:

An assessment on the contributions, skills and experience of each Board member is conducted on an annual basis which enables the Nominating Committee to review the competency matrix of the Board and identify gaps in skills or competencies to be addressed in future director appointments. The Nominating Committee has reviewed the current Board composition and is of the view that the Board possesses an appropriate balance and mix of skills, knowledge, experience, and are sufficiently diverse so as to foster constructive debate. Thus, there are no immediate critical gaps in competencies or expertise that impede the Board's current effectiveness. However, the Nominating Committee remains committed to maintaining a balanced Board that is appropriately equipped to support the Group's long-term strategic objectives.

- (iii) **What guidance or recommendations has the sponsor provided in relation to board composition and succession planning, and does the sponsor consider the current arrangement to be consistent with best practices in governance?**

Sponsor's response:

The Sponsor engages with the Company on an ongoing basis in relation to corporate governance matters and provides guidance on the importance of maintaining an appropriately balanced Board with the requisite mix of skills,

experience, independence, and continuity, as well as the need for timely succession planning to support effective Board renewal. This includes sharing of market practices with the Company in relation to board composition and succession planning.

The Sponsor is of the view that Board is able to discharge its duties effectively following the retirement of Mr. Ng Ser Chiang. Notwithstanding this, the Sponsor considers it important for the Company to identify and appoint a suitable candidate with the appropriate skills, experience, and independence to support the effectiveness of the Board, in compliance with the Catalist Rules.

The board diversity policy can be found on the company's website at: <https://www.hghholdings.com.sg/others/>

(iv) What measurable progress has been made in implementing this policy, and how is diversity being incorporated into the selection criteria for new directors?

Board response:

The Nominating Committee reviews the Board Diversity Policy from time to time to ensure its continued effectiveness and relevance. In identifying and evaluating suitable candidates for nomination as Directors, the Company considers the benefits of diversity in terms of skills, experience, background, gender, age, and other relevant factors. The Board's policy is to maintain an appropriate mix of members with complementary skills, core competencies, and experience that can effectively contribute to the Group. Diversity considerations are therefore integrated into the selection criteria for new director appointments to ensure a well-rounded and effective Board composition.

By Order of the Board

Tan Poh Guan
Executive Director and Chief Executive Officer
28 April 2026

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.

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