

# BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1987



2022 INTERIM REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tan Chee Beng

*(Chairman and Chief Executive Officer)*

Ms. Tang Ling Ling

Mr. Tan Wei Leong

Mr. Cheung Kam Fai

Mr. Ngan Kin Fung

### Independent Non-Executive Directors

Mr. Wee Chorng Kien

Mr. Leung Yau Wan John

Mr. Leung Kee Wai

## AUDIT COMMITTEE

Mr. Leung Yau Wan John *(Chairman)*

Mr. Wee Chorng Kien

Mr. Leung Kee Wai

## NOMINATION COMMITTEE

Mr. Tan Chee Beng *(Chairman)*

Mr. Wee Chorng Kien

Mr. Leung Kee Wai

## REMUNERATION COMMITTEE

Mr. Leung Yau Wan John *(Chairman)*

Mr. Tan Chee Beng

Ms. Tang Ling Ling

Mr. Wee Chorng Kien

Mr. Leung Kee Wai

## COMPANY SECRETARY

Mr. Wong Chi Wai

## AUTHORISED REPRESENTATIVES

Mr. Tan Chee Beng

Mr. Wong Chi Wai

## AUDITOR

McMillan Woods (Hong Kong) CPA Limited

*Certified public accountants*

*Registered Public Interest Entity Auditor*

24/F., Siu On Centre

188 Lockhart Road, Wanchai

Hong Kong

## LEGAL ADVISOR

Seyfarth Shaw

Suite 3701, Edinburgh Tower

The Landmark

15 Queen's Road Central

Central, Hong Kong

## REGISTERED OFFICE

Windward 3, Regatta Office Park,

PO Box 1350, Grand Cayman

KY1-1108

Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21 Tuas South Street 7

Singapore 637111

# CORPORATE INFORMATION

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

12/F., Ruttonjee House  
Ruttonjee Centre  
11 Duddell Street  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park,  
PO Box 1350, Grand Cayman  
KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## PRINCIPAL BANKERS

DBS Bank Ltd  
12 Marina Boulevard  
#43 MBFC Tower 3  
Singapore 018982

United Overseas Bank Limited  
325 Boon Lay Place #02-00  
Singapore 649886

## STOCK CODE

1987

## LISTING DATE

8 November 2019

## COMPANY'S WEBSITE

<http://www.bsm.com.sg/>

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is an established and leading demolition services provider in Singapore and has been running the demolition business in Singapore for more than 29 years in both the public and private sectors. It primarily focuses on the demolition of various types of buildings and structures, including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures in Singapore. To a lesser extent, the Group also leases and sells machinery. The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of the Hong Kong Stock Exchange Limited (the “**Stock Exchange**”) on 8 November 2019 (the “**Listing**”). The Listing has not only benefited the Group with easier access to capital and fund raising, but also implied recognition of the Group’s leading position in the demolition services industry and has enhanced the Group’s visibility and prestige.

The Group is also registered with the Contractors Registration System administered by the Building and Construction Authority of Singapore, which is the pre-requisite to tender for construction or construction related projects in Singapore’s public sector. The Group obtained a Class 2 General Builder Licence, a single grade under CR03 “Demolition” workhead (the “**Single Grade Licence**”), C3 grade under CW01 “General Building” workhead and C1 grade under CW02 “Civil Engineering workhead (collectively the “**Licences**”), which allows it to tender and undertake various public and private sector demolition projects. Amongst the Licences obtained, the Single Grade Licence allows the Group to undertake general public demolition projects of an unlimited tender/contract value.

# MANAGEMENT DISCUSSION AND ANALYSIS

During 1H2022, the Group completed six demolition projects of which four were commercial building projects, one was religious building, and one was shipyard project.

The following table sets out details of the completed projects by the Group during 1H2022:

<b>Customer</b>	<b>Description of Works</b>	<b>Completion Date</b>	<b>Aggregated Recognized Revenue since the Project's Commencement</b> <i>(Singapore Dollars ("S\$")'000)</i>
Customer A <i>(note 1)</i>	Demolition of 2 blocks data center	4 February 2022	5,378
Customer B <i>(note 2)</i>	Demolition of existing steel canopy structure*	10 February 2022	24
Customer C <i>(note 3)</i>	Demolition works for 12 cranes at shipyard	15 April 2022	3,755
Customer D <i>(note 4)</i>	Demolition of 4-storey religious building*	21 May 2022	83
Customer E <i>(note 5)</i>	Demolition of an existing manufacturing facility	25 May 2022	11,217
Customer F <i>(note 6)</i>	Demolition of factory building	15 June 2022	1,075

# MANAGEMENT DISCUSSION AND ANALYSIS

*Notes:*

1. Customer A is a company incorporated in Singapore specializing in other business support activities.
  2. Customer B is a company incorporated in Singapore specializing in building construction works.
  3. Customer C is a company incorporated in Singapore specializing in building and repairing of ships, tankers, and other ocean-going vessels.
  4. Customer D is a company incorporated in Singapore specializing in building construction works.
  5. Customer E is a company incorporated in Singapore specializing in building construction works.
  6. Customer F is a company incorporated in Singapore specializing in building construction works.
- \* These are the projects secured and completed during 1H2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the Group had seven demolition projects in progress, of which four were commercial buildings, one was school building, one was power station project, and one was coastal works.

The following sets out details of demolition projects which remained in progress as at 30 June 2022:

Customer	Description of Works	Expected Completion Date	Aggregated Recognized Revenue since the Project's Commencement <i>(Singapore Dollars ("S\$")'000)</i>
Customer G <i>(note 1)</i>	Demolition of Commercial Building	15 April 2023	8,821
Customer H <i>(note 2)</i>	Demolition works at Coastal	31 December 2022	–**
Customer I <i>(note 3)</i>	Demolition works at Power Station	6 May 2023	4,125
Customer J <i>(note 4)</i>	Demolition of Factory Building	31 August 2022	84
Customer K <i>(note 5)</i>	Demolition of Factory Building	31 August 2022	60
Customer L <i>(note 6)</i>	Demolition of School Building*	31 December 2022	3
Customer M <i>(note 7)</i>	Demolition of Factory Building*	31 August 2022	–**

Notes:

\* These are projects secured during 1H2022.

\*\* These projects are yet to commence as at 30 June 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

1. Customer G is a company incorporated in Singapore specializing in real estate.
2. Customer H is a company incorporated in Singapore specializing in building construction works and other civil engineering works.
3. Customer I is a company incorporated in Singapore specializing in electricity producer.
4. Customer J is a company incorporated in Singapore specializing in piling work and other construction work.
5. Customer K is a company incorporated in Singapore specializing in building construction works.
6. Customer L is a company incorporated in Singapore specializing in building construction works.
7. Customer M is a company incorporated in Singapore specializing in waste management service.

During 1H2022, the novel coronavirus ("**COVID-19**") pandemic situation has stabilised over the outbreak wave. The demolition activities of the Group have completely resumed in first half of 2022. The Directors cautiously optimistic of all the demolition projects of the Group is continued good progress.

The Group saw a gradually pickup on demolition activity during 1H2022. In the wake of recovery from the pandemic, the Group's revenue registered a growth during 1H2022 compared to in 1H2021. This strengthens the financial performance of the Group from gross profit position of approximately 7% during 1H2021 to gross profit position of approximately 30% in 1H2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK AND PROSPECTS

Based on advance estimates by Singapore Ministry of Trade and Industry, Singapore economy grew by 4.8% on year-on-year basis in second quarter of 2022. The construction sector performance improved gradually by 2.4% and 3.3% from the first quarter and second quarter of 2022. This is in line with the increased in demand in hiring largely supported by the number of employment represented by 21.6% mainly from construction industry.

Moving forward, Singapore Building and Construction Authority (“**BCA**”) published that the Singapore Government continue to underpin the construction industry by awarded contracted value between S\$27 billion and S\$32 billion in first half of 2022. Approximately 60% of total contracted value was contributed for the public sector projects particular for public housing, transport and healthcare infrastructure projects.

Whereas in the wake of the land border was reopened in April 2022 in Singapore, it brought the demand of private sector opportunity particular for commercial building, industrial building, and residential building to be increased. However, private sector awarded contracted value between S\$11 billion and S\$13 billion in first half of 2022. Whereby the welcoming news, the Group expects to benefit by obtaining more award for more projects during FY2022. Meanwhile, the Group obtained more secured private sector projects contract worth approximately S\$1.6 million as well as demolition services and disposal of salvage material in progress during first half of 2022.

With Collective Sales returning to the market aggressively, this will definitely push up demand for our core business within the next 3 years. The Group will also continue to expand and diversify its business by investing into new business opportunities, which can enhance shareholders value as well as complement and leverage existing business lines.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During 1H2022, the Group's revenue was primarily derived from undertaking demolition projects for the Group's project owners (the "Contract Revenue"). The Contract Revenue comprises of (i) the net contract sum from the project owners; (ii) the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at demolition sites for landfilling purposes. The Group's revenue for 1H2022 was approximately S\$16.7 million, representing an increase of approximately 95.7% from approximately S\$8.5 million for 1H2021, as a result of the recovery of the construction market in Singapore which resulted in increased demand for salvage materials.

The following table sets forth the breakdown of the revenue by the nature of work undertaken during 1H2022 and 1H2021.

	6 months ended 30 June	
	2022 S\$'000	2021 S\$'000
Net contract sum	1,763	4,495
Proceeds from disposal of salvage materials	14,450	3,264
Earth depositing proceeds	418	296
E-commerce	–	367
Other revenue <sup>(1)</sup>	83	118
Total revenue	16,714	8,540

Note:

(1) Other revenue mainly comprises rental income for the rental of machinery.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of sales

The Group's cost of sales mainly comprises of (i) direct labour costs incurred for the provision of the Group's demolitions works; (ii) depreciation of the Group's machinery and equipment; (iii) raw materials, consumables, and other overheads; and (iv) subcontractor charges. The following table sets out the breakdown of the Group's direct costs during 1H2022 and 1H2021.

	6 months ended 30 June	
	2022 S\$'000	2021 S\$'000
Direct labour costs	1,503	1,268
Depreciation	1,583	1,701
Raw materials, consumables and other overheads	3,293	2,255
Subcontractor charges	3,866	1,813
Maintenance expenses	542	350
Transportation expenses	126	58
Others	876	483
<b>Total cost of sales</b>	<b>11,789</b>	7,928

The Group's cost of sales increase from approximately S\$7.9 million for 1H2021 to approximately S\$11.8 million for 1H2022, representing a increase of 48.7%.

Increased in cost of sales mainly attributable to increase in the subcontractors charges and raw materials, consumables, and other overheads cost. The significant rose in cost of sales is in line with the increased in revenue for demolition works and disposal of salvage for ongoing and completed projects. Consumption of raw materials and their costs may vary from project to project, resulting in fluctuations in the proportions of these costs from project to project.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit and gross profit margin

In line with the increased revenue, the Group's gross profit increased by approximately S\$4.3 million for 1H2022, from a gross profit of approximately S\$0.6 million for 1H2021, representing an increase of approximately 704.9%. In line with the improved gross profit for 1H2022, the Group recorded a gross profit margin of approximately 29.5% for 1H2022 as compared to 7.2% for 1H2021. The increase in the Group's gross profit margin was mainly due to the effect of resumption of demolition activities that generate sufficient revenue to offset the fixed costs.

## Administrative expenses

Administrative expenses primarily consisted of (i) staff costs; and (ii) depreciation costs in respect of the Group's property, office equipment and motor vehicles. The Group's administrative expenses for 1H2022 amounted to approximately S\$4.9 million, which increase significantly compared to 1H2021 in particular staff cost increased by S\$1.4 million during 1H2022 as compared to 1H2021. The increase was mainly due to staff headcounts as more ongoing projects to be executed during 1H2022.

## Other income

During 1H2022, the Group's other income amounted to S\$0.2 million as compared to approximately S\$0.4 million for 1H2021. The decrease of approximately S\$0.2 million primarily resulted from the decrease in government grants received during 1H2022 for COVID-19 measures.

## Finance costs

The Group recorded finance costs of approximately S\$0.1 million for 1H2022 remained constant as compared to 1H2021.

## Income tax credit

The Group did not incur any income tax expenses or income tax credit for 1H2022 and 1H2021, although the Group recorded a profit before income tax in 1H2022 as the Group utilised the brought forward unabsorbed losses during 1H2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Income/(loss) attributable to equity holders of the Company

As a result of the foregoing, the income attributable to equity holders of the Company for 1H2022 increased to approximately S\$0.2 million as compared with the loss of approximately S\$3.0 million for 1H2021.

## Capital structure, liquidity and financial resources

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings and obligations under finance leases, net of bank deposits, bank balances, cash and equity attributable to the equity holders of the Group, comprising share capital and reserves. There has been no change in the capital structure of the Group since Listing. The Group has a solid financial position and continues to maintain a strong and steady cash inflow from internal generated funds, bank loans and other borrowings.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in Singapore dollars, are generally deposited with certain financial institutions.

As at 30 June 2022,

- A. the Company's issued capital was HK\$10,000,000 and the number of its ordinary shares was 1,000,000,000 shares of HK\$0.01 each. There were no movement in the Company's share capital during the period.
- B. the Group had net current assets of approximately S\$20.0 million as compared to S\$19.0 million as at 31 December 2021, representing an increase of approximately S\$1.0 million or 4.9%. The increase was mainly attributable to the increased in deposits paid to customers, which is down payment upon commencement offset with increased in bank borrowings.

# MANAGEMENT DISCUSSION AND ANALYSIS

- C. the Group had cash and cash equivalents of approximately S\$11.5 million as at 30 June 2022 as compared to S\$12.3 million as at 31 December 2021. During 1H2022, the cash was used primarily for working capital purposes.
- D. the Group's total equity attributable to equity holders of the Company amounted to approximately S\$39.7 million as at 30 June 2022 as compared to approximately S\$39.5 million as at 31 December 2021, and the Group's total debt amounted to approximately S\$15.2 million as at 30 June 2022 as compared to approximately S\$15.1 million as at 31 December 2021. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations.

## Gearing ratio

The gearing ratio is calculated based on dividing the obligations under borrowings and lease liabilities by total equity, multiplied by 100% as at the respective reporting date. As at 30 June 2022, the Group recorded a gearing ratio of approximately 28.6% (31 December 2021: 27.1%).

## Treasury policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Company's bank borrowings are all denominated in S\$ and have been arranged on a floating-rate basis. It is the Company's policy not to enter into derivative transactions for speculative purposes. The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## Contingent liabilities

As at 30 June 2022, the Group had no significant contingent liabilities or outstanding litigation (31 December 2021: nil).

## Capital commitment

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Material acquisitions or disposals

During 1H2022, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

## Future plans for material investments or capital assets

The Group did not have specific plans for material investments or capital assets in the coming year as at 30 June 2022.

## Employee information and remuneration policy

As at 30 June 2022, the Group had a total of 118 employees, 3 more than as at 31 December 2021. All of the executive Directors and employees are located in Singapore and Hong Kong. The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications and role. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration, bonuses and other compensation payable of the Directors are determined by the Remuneration Committee, having regard to the Company's operating results, responsibilities and individual performance of directors.

## Results and Interim Dividend

The Group's profit for 1H2022 and the Group's financial position are set out in the condensed consolidated financial statements on pages 27 to 29 of this report.

The Board does not recommend the payment of an interim dividend for the 1H2022.

## Significant investment held

As at 30 June 2022, save as disclosed in this interim report, there were no material investments held by the Group (31 December 2021: nil).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Charge of the Group's assets

As at 30 June 2022, the leasehold land and building of the Group with carrying amounts of approximately S\$5.3 million (31 December 2021: S\$5.5 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

## Foreign currency exposure

The Group operates in Singapore and most of its income and expenditures are denominated in S\$, being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables denominated in the United States dollar ("**US\$**"), Renminbi ("**RMB**") and Hong Kong dollar ("**HK\$**").

The Group's exposure to other foreign exchange movements is not material. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS FROM LISTING

On the Listing Date, the issued shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). A total of 250,000,000 ordinary shares were issued to the public at a price of HK\$0.5 per share for net proceeds of approximately HK\$77.5 million after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the Prospectus.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds during 1H2022:

Use of Net Proceeds	Approximate Percentage of Total Amount	Intended amount of use of proceeds <i>HK\$'000</i>	Approximate Unused Net Proceeds as at the beginning of 1H2022 <i>HK\$'000</i>	Approximate Amount of Net Proceeds utilised during 1H2022 <i>HK\$'000</i>	Approximate Unused Net Proceeds as at the end of 1H2022 <i>HK\$'000</i>
Enhancing the machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	66%	51,200	30,397	4,284	26,113
Repaying the bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing were used as working capital	17%	13,500	-	-	-
Expanding the labour force by recruiting additional staff, including project management and project execution staff in the three years ending 31 December 2021	12%	9,100	7,437	1,692	5,745
Engagement of professional consultant to review the internal management systems for the purpose of the registration for B1 grade under the CW02 “Civil Engineering” workhead	3%	2,200	2,200	-	2,200
Group’s general working capital	2%	1,500	-	-	-

# MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of 1H2022, the amount of the net proceeds which remained unutilised amounted to approximately HK\$34 million. Due to the COVID-19 pandemic, the original schedule for use of proceeds has been deferred and the remaining unutilised net proceeds are expected to be utilised on or before 31 December 2023 for the following purposes:

- acquisition of property, plant and equipment;
- application costs, including professional fees etc. for upgrading the “CW02, Civil Engineering” workhead from C1 grade to B1 Grade; and
- recruitment of new staff.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

There is no transaction which falls within the disclosure requirements under Rules 13.18 and 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the end of 1H2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, were as follows:

### Long position in the shares and underlying shares of associated corporation of the Company

#### (i) Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares (Note 1)	Percentage of shareholding in the Company
Mr. Tan Chee Beng	Interest in a controlled corporation (Note 2); Interest of spouse (Note 3)	505,600,000 Shares (L)	50.56%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

1. The letter (L) denotes the person's long position in such Shares.
2. Mr. Tan beneficially owns all of the issued shares of TCB Investment Holdings Limited ("**TCB**"), which in turn holds 34.17% of the Shares. Therefore, Mr. Tan is deemed, or taken to be, interested in the Shares held by TCB for the purposes of the SFO. Mr. Tan is a director of TCB.
3. Mr. Tan is the spouse of Ms. Lee Peck Kim ("**Ms. Lee**"), who holds 16.39% of the Shares. Accordingly, Mr. Tan is deemed, or taken to be, interested in the Shares which Ms. Lee is interested in for the purpose of the SFO.

## **(ii) Long position in the share of associated corporation**

As at the end of 1H2022, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at the end of 1H2022, the following corporates and persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long Positions in Shares

Name	Capacity/ nature of interest	Number of Share held/ interested	Percentage of shareholding
TCB	Beneficial owner	341,700,000	34.17%
K Luxe Holdings Limited ("K Luxe")	Beneficial owner	163,900,000	16.39%
Ms. Lee	Interest in controlled corporation ( <i>Note 1</i> ) Interest of spouse ( <i>Note 2</i> )	505,600,000	50.56%

Notes:

- (1) Ms. Lee beneficially owns all of the issued shares of K Luxe, which in turn holds 16.39% of the Shares. Therefore, Ms. Lee is deemed, or taken to be, interested in the Shares held by K Luxe for the purposes of the SFO.
- (2) Ms. Lee is the spouse of Mr. Tan. Accordingly, Ms. Lee is deemed, or taken to be, interested in the Shares which Mr. Tan is interested for the purposes of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at the end of 1H2022, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares of the Company or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during 1H2022 was the Company, its holding company or any of its subsidiaries, a party to any arrangements which enable the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during 1H2022.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) in the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group during 1H2022 and up to the date of this report.

### PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During 1H2022, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTION SCHEME

The Company has conditionally approved and adopted the share option scheme (the “**Share Option Scheme**”) on 15 October 2019 (the “**Adoption Date**”) which shall remain in force for a period of ten years commencing on the Adoption Date and expire at the close of business on the business day immediately preceding the tenth anniversary thereof. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group (the “**Eligible Persons**”) and to promote the success of the business of the Group.

As at the end of 1H2022, the total number of shares of the Company (the “**Shares**”) available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the issued share capital of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at the end of 1H2022.

## CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance Shareholders’ value. Committed to upholding good corporate standards and procedures in the best interests of its Shareholders, the Company has adopted the principles and all the relevant code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “**CG Code**”).

To the best of the knowledge of the Board, the Company has complied with the CG Code during 1H2022. The Board will periodically review the Company’s corporate governance functions and will continuously improve the Company’s corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DEVIATION FROM C.2.1 OF THE CG CODE

Under paragraph C.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer of a company should be separate and should not be performed by the same individual. Mr. Tan is currently the Chairman of the Board and the chief executive officer (the “**CEO**”) of the Group and primarily responsible for the day-to-day management of the Group’s business. In view of the fact that Mr. Tan has been operating and managing our Group since its establishment, the Board believes it is in the best interests of the Group to have Mr. Tan take up both roles of effective management and business development. The Directors consider that vesting the roles of the chairman of the Board and chief executive officer in the same person facilitates the execution of the Group’s business strategies and decision making, and maximises the effectiveness of the Group’s operation. The Directors also believe that the presence of three independent non-executive directors (“**INEDs**”) provides added independence to the Board, and that the Board is appropriately structured to maintain the balance of power and to provide sufficient checks to protect the interests of the Company and its Shareholders. The Directors shall review the structure from time to time and consider an adjustment should it become appropriate.

The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Mr. Tan), one non-executive Director, and three INEDs and therefore has a fairly strong independence element in its composition.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiries with the Directors, all the Directors confirm that they have complied with the required standard set out in the Model Code during 1H2022.

## HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the provisions of Part XIVA of SFO and the Listing Rules relating to the disclosure of inside information to the public. The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited its Directors and employees from the unauthorized use of confidential or inside information for the advantage of oneself or others. Any inside information and any information, which may potentially constitute inside information is promptly identified, assessed and escalated to the Board for its determination on the need for disclosure. Inside information and other information which are required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors, namely Mr. Leung Yau Wan John, Mr. Wee Chorng Kien and Mr. Leung Kee Wai. The chairman of the Audit Committee, Mr. Leung Yau Wan John, possesses the appropriate professional qualifications and financial expertise for the purposes of compliance with the requirements of rule 3.21 of the Listing Rules.

The interim financial results of the Group for the six months ended 30 June 2022 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

On behalf of the Board

### **TAN CHEE BENG**

*Chairman and Chief Executive Officer*

30 August 2022

Hong Kong

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

		<b>6 months ended 30 June</b>	
		<b>2022</b>	2021
		<b>S\$</b>	S\$
		<b>(unaudited)</b>	(unaudited)
	<i>Note</i>		
Revenue	5	<b>16,714,360</b>	8,540,040
Cost of sales	7	<b>(11,789,138)</b>	(7,928,096)
<b>Gross profit</b>		<b>4,925,222</b>	611,944
Other income	6	<b>181,042</b>	405,605
Other gains — net	6	<b>221,767</b>	3,515
Selling and distribution expenses	7	<b>(91,597)</b>	(123,838)
Administrative expenses	7	<b>(4,893,083)</b>	(3,752,991)
<b>Operating profit/(loss)</b>		<b>343,351</b>	(2,855,765)
Finance costs	8	<b>(140,685)</b>	(148,378)
<b>Profit/(loss) before income tax</b>		<b>202,666</b>	(3,004,143)
Income tax expenses	9	—	—
<b>Profit/(loss) after income tax</b>		<b>202,666</b>	(3,004,143)
<b>Other comprehensive income/(loss)</b>			
<b>Item that may be reclassified</b>			
<b>subsequently to profit or loss:</b>			
Currency translation differences			
arising from consolidation		<b>20,913</b>	18,785
<b>Total comprehensive income/(loss)</b>		<b>223,579</b>	(2,985,358)
<b>Profit/(loss) for the period</b>			
<b>attributable to:</b>			
Equity holders of the Company		<b>204,449</b>	(2,944,630)
Non-controlling interest		<b>(1,783)</b>	(59,513)
		<b>202,666</b>	(3,004,143)
<b>Total comprehensive income/(loss)</b>			
<b>for the period attributable to:</b>			
Equity holders of the Company		<b>215,933</b>	(2,925,263)
Non-controlling interest		<b>7,646</b>	(60,095)
		<b>223,579</b>	(2,985,358)
<b>Earnings/(loss) per share</b>			
<b>(expressed in S\$ cent)</b>			
Basic and diluted	10	<b>0.02</b>	(0.29)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	As at	
		30 June 2022 S\$ (unaudited)	31 December 2021 S\$ (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		18,128,726	19,405,197
Intangible assets		28,334	32,606
Right-of-use assets		8,223,503	8,090,618
Investment property		1,987,200	2,009,280
Financial asset at fair value through profit or loss		172,505	170,160
		<b>28,540,268</b>	29,707,861
<b>Current assets</b>			
Contract related assets and costs		4,431,766	4,813,682
Deposits paid to customers		3,971,925	16,940
Trade receivables	11	4,959,255	6,148,362
Deposits, prepayments and other receivables	12	1,299,932	1,408,565
Cash and cash equivalents	13	11,528,319	12,276,901
		<b>26,191,197</b>	24,664,450
<b>Total assets</b>		<b>54,731,465</b>	54,372,311
<b>Equity attributable to equity holders of the Company</b>			
Share capital	16	1,742,159	1,742,159
Reserves	17	21,675,986	21,664,502
Retained earnings		16,309,515	16,105,066
		<b>39,727,660</b>	39,511,727
Non-controlling interests		(190,547)	(198,193)
<b>Total equity</b>		<b>39,537,113</b>	39,313,534

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	As at	
		30 June 2022 S\$ (unaudited)	31 December 2021 S\$ (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	15	390,042	682,574
Lease liabilities		8,593,840	8,755,589
		<b>8,983,882</b>	9,438,163
<b>Current liabilities</b>			
Trade and other payables	14	3,825,708	4,361,814
Borrowings	15	1,585,064	585,064
Lease liabilities		799,698	673,736
		<b>6,210,470</b>	5,620,614
<b>Total liabilities</b>		<b>15,194,352</b>	15,058,777
<b>Total equity and liabilities</b>		<b>54,731,465</b>	54,372,311

## 1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

### 1.1 General information

Beng Soon Machinery Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed (the “**Listing**”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2019 (the “**Listing Date**”). The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (“**Condensed Consolidated Interim Financial Statements**”) are presented in Singapore dollars (“**S\$**”), which is also the functional currency of the Company.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") Interim Financial Reporting issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The preparation of condensed consolidated interim financial information in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

### 2.2 Summary of significant accounting policies

Except as described in note 3, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements. Taxes on income for the six months ended 30 June 2022 and 2021 are accrued using the tax rate that would be applicable to expected total annual profits.



## 3 NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES

There were several new interpretations and amendment to standards and interpretations which are applicable for the first time in 2022, but either not relevant or do not have an impact on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

## 4 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

### 4.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net debt, where applicable.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 4.1 Capital management (Continued)

	As at	
	<b>30 June 2022</b>	31 December 2021
	<b>S\$ (unaudited)</b>	S\$ (audited)
Borrowings ( <i>Note 15</i> )	<b>1,975,106</b>	1,267,638
Lease liabilities	<b>9,393,538</b>	9,429,325
Less: Cash and cash equivalents ( <i>Note 13</i> )	<b>(11,528,319)</b>	(12,276,901)
Net debt	<b>(159,675)</b>	(1,579,938)
Total equity	<b>39,727,660</b>	39,511,727
Total capital	<b>39,567,985</b>	37,931,789
Gearing ratio	<b>N/A</b>	N/A

### 4.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

#### 4.2 Fair value estimation (Continued)

	Level 1 S\$	Level 2 S\$	Level 3 S\$
At 30 June 2022			
Assets			
Financial asset at fair value through profit or loss			
— Keyman insurance contract	–	–	<b>172,505</b>
At 31 December 2021			
Assets			
Financial asset at fair value through profit or loss			
— Keyman insurance contract	–	–	170,160

There were no transfers among Levels 1, 2 and 3 during both periods.

The following table presents the changes in Level 3 instruments:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Financial asset at fair value through profit or loss		
At beginning of the period	<b>170,160</b>	162,140
Currency exchange differences	–	3,632
Fair value gain recognised in profit or loss (Note 6)	<b>2,345</b>	4,388
At end of the period	<b>172,505</b>	170,160

## 4 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 4.2 Fair value estimation (Continued)

The fair value of the keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy quarterly statement of the keyman insurance contract provided by the insurance company.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contract. When the cash surrender value is higher, the fair value of the keyman insurance contract will be higher.

The carrying amounts of the Group's financial assets, including trade receivables, contract assets, deposits and other receivables, and cash and cash equivalents, and financial liabilities, including trade and other payables, borrowings and lease liabilities approximate their fair values.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5 REVENUE

	6 months ended 30 June	
	2022 S\$ (unaudited)	2021 S\$ (unaudited)
Provision of demolition services ( <i>Note (i)</i> )	<b>16,631,681</b>	8,054,649
Others ( <i>Note (ii)</i> )	<b>82,679</b>	485,391
Total revenue	<b>16,714,360</b>	8,540,040

Notes:

- (i) Revenue from provision of demolition services were derived from undertaking demolition projects which include (i) the net payment directly from the project owners; (ii) the proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) earth disposal proceeds from earth providers for depositing earth at demolition sites for landfilling purpose.
- (ii) Other revenue mainly comprise of other service income for services rendered for site operation management and e-commerce.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 OTHER INCOME AND OTHER GAINS — NET

	6 months ended 30 June	
	2022 S\$ (unaudited)	2021 S\$ (unaudited)
Other income:		
Interest income	1,597	4,295
Government grants	167,425	217,490
Rental income from investment property	12,000	12,000
Miscellaneous income ( <i>Note (i)</i> )	20	171,820
<b>Total other income</b>	<b>181,042</b>	405,605
Other gains:		
Gain on disposals of property and equipment	219,517	1,375
Fair value gain on financial asset at fair value through profit or loss	2,344	2,140
Currency exchange loss — net	(94)	—
<b>Total other gains</b>	<b>221,767</b>	3,515
<b>Total other income and other gains</b>	<b>402,809</b>	409,120

*Note (i):* The miscellaneous income represented commission paid to a third party agent in prior year for potential purchase of sand for trading business. The Group has terminated the arrangement with the agent and the commission paid had been refunded.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	<b>6 months ended 30 June</b>	
	<b>2022</b> <b>S\$</b> <b>(unaudited)</b>	2021 S\$ (unaudited)
Sub-contractor charges	<b>3,865,962</b>	1,812,722
Transportation expenses	<b>187,548</b>	108,167
Maintenance expenses	<b>542,397</b>	349,706
Insurance expenses	<b>113,734</b>	61,300
Raw materials, consumables and other overheads	<b>3,292,934</b>	2,255,421
Employee benefits expenses, including directors' emoluments ( <i>Note (a)</i> )	<b>5,297,827</b>	3,677,920
Depreciation	<b>2,281,781</b>	2,356,365
Amortization of intangible assets	<b>3,499</b>	5,814
Legal and professional fees	<b>231,639</b>	232,145
Auditors' remuneration	<b>17,308</b>	31,174
Expenses relating to short-term leases	<b>384,405</b>	54,847
Motor vehicle expenses	<b>39,179</b>	41,878
Utility expenses	<b>71,290</b>	46,254
Others	<b>444,315</b>	771,212
<b>Total cost of sales, selling and distributions expenses and administrative expenses</b>	<b>16,773,818</b>	11,804,925
Represented by:		
Cost of sales	<b>11,789,138</b>	7,928,096
Selling and distribution expenses	<b>91,597</b>	123,838
Administrative expenses	<b>4,893,083</b>	3,752,991
	<b>16,773,818</b>	11,804,925

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 EXPENSES BY NATURE (CONTINUED)

Note:

(a)

	6 months ended 30 June	
	2022	2021
	S\$	S\$
	(unaudited)	(unaudited)
Wages, salaries, bonuses and other benefits	5,036,131	3,473,551
Pension costs — defined contribution plans	261,696	204,369
	<b>5,297,827</b>	3,677,920

	6 months ended 30 June	
	2022	2021
	S\$	S\$
	(unaudited)	(unaudited)
Amount included in:		
Cost of sales	1,502,803	1,267,837
Administrative expenses	3,795,024	2,410,083
	<b>5,297,827</b>	3,677,920

## 8 FINANCE COSTS

	6 months ended 30 June	
	2022	2021
	S\$	S\$
	(unaudited)	(unaudited)
Interest expenses on:		
— Bank borrowings	18,408	20,790
— Lease liabilities	122,277	127,588
	<b>140,685</b>	148,378



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9 INCOME TAXES

Singapore income tax has been provided for at the rate of 17% (30 June 2021: 17%) on the estimated assessable profit.

### (a) Income tax expenses

No provision for income tax expenses for the 1H2022 and 1H2021 has been made in respect of the Group as either the tax losses brought forward from previous years exceed the estimated assessable profits for the period or the Group has no estimated assessable profits.

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate as follows:

	6 months ended 30 June	
	2022 S\$ (unaudited)	2021 S\$ (unaudited)
Profit/(Loss) before income tax	202,666	(3,004,143)
Tax calculated at a tax rate of 17%	34,453	(510,704)
Expenses not deductible for tax purposes	155,327	98,511
Income not subject to tax	(18,715)	(36,973)
Utilisation of tax loss carried forward	(171,065)	–
Deferred tax not recognised on tax losses and temporary differences	–	449,166
Income tax expense	–	–

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9 INCOME TAXES (CONTINUED)

### (b) Movements in current income tax liabilities

	As at	
	30 June 2022 S\$ (unaudited)	30 June 2021 S\$ (unaudited)
At 1 January	–	149,348
Tax paid	–	(149,348)
At 30 June	–	–

## 10 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to equity holders of the Company by the weighted average number of shares in issue.

	6 months ended 30 June	
	2022 S\$ (unaudited)	2021 S\$ (unaudited)
Profit/(loss) attributable to equity holders of the Company (S\$)	215,933	(2,925,263)
Weighted average number of shares in issue (Note (i))	1,000,000,000	1,000,000,000
Basic earnings/(loss) per share (S\$ cent)	0.02	(0.29)

For the six months ended 30 June 2022, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (30 June 2021: same).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10 EARNINGS/(LOSS) PER SHARE (CONTINUED)

Note (i):

The weighted average of 1,000,000,000 ordinary shares used in the calculation of basic earnings/(loss) per share for the period/year ended 30 June 2022 and 31 December 2021 comprising: (i) 9,900 ordinary shares of the Company in issue as at 31 December 2018; (ii) 749,990,000 ordinary shares of the Company issued at par value by way of capitalisation pursuant to the shareholders' resolution dated 15 October 2019 as if these shares had been issued at 1 January 2018, the beginning of the earliest period reported; and (iii) 250,000,000 ordinary shares offered to the public were issued on 8 November 2019.

## 11 TRADE RECEIVABLES

	As at	
	30 June 2022 S\$ (unaudited)	31 December 2021 S\$ (audited)
Trade receivables from third parties	3,767,832	5,691,158
Less: Allowance for impairment of trade receivables	(270,234)	(270,234)
	3,497,598	5,420,924
Retentions	1,461,657	727,438
	4,959,255	6,148,362

The Group normally grants credit terms of 30 days. The Group does not hold any collateral as security.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11 TRADE RECEIVABLES (CONTINUED)

The aging analysis of the trade receivables, based on invoice date, are as follows:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Below 30 days	<b>4,708,243</b>	3,799,070
31–60 days	<b>41,214</b>	1,866,420
61–90 days	<b>61,835</b>	18,746
91–120 days	<b>53,318</b>	–
Over 120 days	<b>94,645</b>	464,126
	<b>4,959,255</b>	6,148,362

The carrying amounts of trade receivables approximate their fair values.

Movements in the provision for impairment of the trade receivables are as follows:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
At the beginning/end of the period/year	<b>270,234</b>	270,234

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11 TRADE RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>S\$</b>	S\$
	<b>(unaudited)</b>	(audited)
S\$	<b>4,895,731</b>	6,093,825
United State dollar ("US\$")	<b>54,537</b>	54,537
Renminbi ("RMB")	<b>8,987</b>	–
	<b>4,959,255</b>	6,148,362

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Other receivables	<b>76,153</b>	27,313
Deposits paid to third parties	<b>126,890</b>	1,209,698
Staff loans	<b>27,405</b>	18,536
Prepayments	<b>1,069,484</b>	153,018
Current portion	<b>1,299,932</b>	1,408,565

The carrying amounts of deposits and other receivables approximate their fair values.

The carrying amounts of the Group's deposits, prepayments and other receivables are denominated in the following currencies:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
S\$	<b>1,263,512</b>	1,364,954
Hong Kong dollar ("HK\$")	<b>29,773</b>	39,278
RMB	<b>6,647</b>	4,333
	<b>1,299,932</b>	1,408,565

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13 CASH AND CASH EQUIVALENTS

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Cash at banks	<b>11,523,319</b>	12,271,901
Cash on hand	<b>5,000</b>	5,000
	<b>11,528,319</b>	12,276,901

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
S\$	<b>11,063,693</b>	11,438,257
US\$	<b>57,381</b>	115,212
HK\$	<b>407,245</b>	723,252
RMB	<b>–</b>	180
	<b>11,528,319</b>	12,276,901

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14 TRADE AND OTHER PAYABLES

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Trade payables	<b>2,119,623</b>	2,264,421
Accrued expenses	<b>741,905</b>	838,823
Other payables	<b>964,180</b>	1,258,570
	<b>3,825,708</b>	4,361,814

Trade payables comprise amounts outstanding to suppliers. The aging analysis of the trade payables, based on invoice date, is as follows:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
Up to 30 days	<b>1,241,625</b>	1,326,648
31–60 days	<b>802,502</b>	885,258
61–90 days	<b>74,586</b>	52,515
91–120 days	<b>910</b>	–
	<b>2,119,623</b>	2,264,421



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
S\$	<b>3,276,694</b>	3,703,098
HK\$	<b>92,998</b>	171,596
RMB	<b>456,016</b>	487,120
	<b>3,825,708</b>	4,361,814

### 15 BORROWINGS

	<b>As at</b>	
	<b>30 June 2022 S\$ (unaudited)</b>	31 December 2021 S\$ (audited)
<b>Non-current</b>		
Bank borrowings (secured) <i>(Note (a))</i>	<b>390,042</b>	682,574
<b>Current</b>		
Bank borrowings (secured) <i>(Note (a))</i>	<b>1,585,064</b>	585,064
Total borrowings	<b>1,975,106</b>	1,267,638

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 15 BORROWINGS (CONTINUED)

### (a) Term loan

The term loan is denominated in S\$, bears interest at 2.08% (31 December 2021: 1.50%). The bank borrowings of S\$1,975,106 (31 December 2021: S\$1,267,638) is secured by a first legal mortgage on the leasehold building and corporate guarantees.

The fair value of non-current bank borrowings approximated the carrying value of the non-current borrowings as at 30 June 2022 as the borrowing bears interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group (31 December 2021: same).

	As at	
	30 June 2022 S\$ (unaudited)	31 December 2021 S\$ (audited)
Within 1 year	1,585,064	585,064
Between 1 and 2 years	390,042	585,064
Between 2 and 5 years	–	97,510
	<b>1,975,106</b>	1,267,638

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 16 SHARE CAPITAL

The movements of the share capital are as follow:

	<b>Number of shares</b>	<b>Share capital HK\$</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	10,000,000,000	100,000,000
	<b>Number of shares</b>	<b>Share capital S\$</b>
<b>Issued and fully paid:</b>		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	1,000,000,000	1,742,159

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 17 RESERVES

	Other reserve attributable to equity holders of the Company			
	Share premium	Other	Foreign currency translation	Total
	S\$	S\$	S\$	S\$
At 1 January 2021	19,853,646	2,000,000	(213,693)	21,639,953
Currency translation differences arising from consolidation	-	-	24,549	24,549
At 31 December 2021 (audited) and 1 January 2022 (unaudited)	19,853,646	2,000,000	(189,144)	21,664,502
Currency translation differences arising from consolidation	-	-	11,484	11,484
At 30 June 2022 (unaudited)	19,853,646	2,000,000	(177,660)	21,675,986

## 18 DIVIDENDS

No dividend was paid, declared or proposed during the period, nor has any dividend been declared since the end of the interim period (31 December 2021: nil).

## 19 COMMITMENTS

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: nil).

## 20 PERFORMANCE AND SECURITY BONDS

The Group had performance bonds for guarantees for completion of projects issued by banks and insurance companies amounting to S\$1,562,150 (31 December 2021: S\$2,201,557) as at 30 June 2022.

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$275,000 (31 December 2021: S\$260,000) as at 30 June 2022.

## 21 SUBSEQUENT EVENTS

There were no material subsequent events undertaken by the Company or the Group after 30 June 2022 and up to the date of this report.