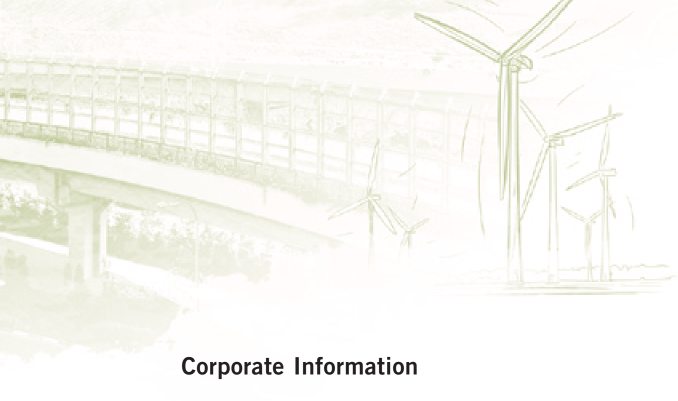
Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1420

Interim Report 2023

* For identification purposes only



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Corporate Information

DIRECTORS

Executive Directors

Mr. Lim Kui Teng
Mr. Bijay Joseph

Non-executive Director

Mr. Phang Yew Kiat *(Chairman)*

Independent Non-executive Directors

Mr. Wee Hian Eng Cyrus
Mr. Wong Ka Bo Jimmy
Mr. Xu Fenglei

AUDIT COMMITTEE

Mr. Wong Ka Bo Jimmy *(Chairman)*
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

NOMINATION COMMITTEE

Mr. Phang Yew Kiat *(Chairman)*
Mr. Wong Ka Bo Jimmy
Mr. Xu Fenglei

REMUNERATION COMMITTEE

Mr. Xu Fenglei *(Chairman)*
Mr. Lim Kui Teng
Mr. Wong Ka Bo Jimmy

COMPANY SECRETARY

Mr. Ho Kai Tak

AUTHORISED REPRESENTATIVES

Mr. Lim Kui Teng
Mr. Ho Kai Tak

AUDITOR

Ernst & Young LLP
Certified Public Accountant
One Raffles Quay, North Tower
Level 18, Singapore 048583

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

20 Senoko Drive
Singapore 758207

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISER

As to Hong Kong law
Chow & Ho, Solicitors
Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
DBS Bank Ltd (Singapore)
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code:1420

COMPANY WEBSITE

www.chuanholdings.com

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 S$'000 (Unaudited)	2022 S$'000 (Unaudited)
Revenue	5	**66,756**	42,473
Cost of sales		**(62,518)**	(38,618)
Gross profit		**4,238**	3,855
Other income and gains	5	**1,465**	1,774
Administrative and other operating expenses		**(3,523)**	(3,182)
Other expenses		**(29)**	(780)
Finance costs	6	**(87)**	(115)
Share of results of associates		**214**	48
Profit before income tax	7	**2,278**	1,600
Income tax expense	8	**(539)**	(269)
Net profit for the period attributable to owners of the Company		**1,739**	1,331
Other comprehensive (loss)/income for the period			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**")			
– Fair value (losses)/gains		**(11)**	184
Other comprehensive (loss)/income for the period, net of tax		**(11)**	184
Total comprehensive income for the period attributable to the owners of the Company		**1,728**	1,515
Basic earnings per shares (cents)	10	**0.17**	0.13
Diluted earnings per shares (cents)	10	**0.15**	0.12

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 S$'000 (Unaudited)	31 December 2022 S$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**13,770**	11,020
Investment property		**1,280**	1,286
Investment in associates		**16,973**	9,924
Other assets		**365**	365
Deposits, prepayments and other receivables		**339**	140
Financial assets at fair value through profit or loss ("**FVTPL**")		**8,942**	7,874
Financial assets at FVOCI		**545**	1,394
Financial assets at amortised cost		**250**	250
Deferred tax assets		**138**	228
Total non-current assets		**42,602**	32,481
Current assets			
Contract assets		**33,075**	28,020
Trade receivables	*12*	**14,847**	21,852
Deposits, prepayments and other receivables		**2,538**	3,460
Pledged deposits	*13*	**1,281**	1,281
Cash and cash equivalents	*13*	**19,810**	23,441
Total current assets		**71,551**	78,054
Total assets		**114,153**	110,535
Current liabilities			
Contract liabilities		**2,959**	2,295
Trade payables	*14*	**6,599**	6,893
Other payables, accruals and deposits received		**7,046**	4,878
Borrowings	*15*	**1,182**	1,252
Lease liabilities		**2,225**	2,820
Income tax payable		**691**	529
Total current liabilities		**20,702**	18,667
Net current assets		**50,849**	59,387
Total assets less current liabilities		**93,451**	91,868

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 S$'000 (Unaudited)	31 December 2022 S$'000 (Audited)
Non-current liabilities			
Other payables, accruals and deposits received		**6**	6
Borrowings	*15*	**1,264**	1,817
Lease liabilities		**1,627**	1,262
Deferred tax liabilities		**5**	–
Total non-current liabilities		**2,902**	3,085
Total liabilities		**23,604**	21,752
Net assets		**90,549**	88,783
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*17*	**1,767**	1,767
Share premium		**27,250**	27,250
Reserves		**61,532**	59,766
Total equity		**90,549**	88,783

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital S$'000 *(Note 17)*	Share premium S$'000	Merger reserve S$'000	Share option reserve S$'000	Fair value reserve S$'000	Retained profits S$'000	Total S$'000
At 1 January 2022	1,767	27,250	5,166	521	(618)	52,421	86,507
Profit for the period	–	–	–	–	–	1,331	1,331
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	–	–	–	–	184	–	184
Total comprehensive income for the period	–	–	–	–	184	1,331	1,515
Equity-settled share option arrangements	–	–	–	48	–	–	48
At 30 June 2022 (unaudited)	1,767	27,250	5,166	569	(434)	53,752	88,070
At 1 January 2023	**1,767**	**27,250**	**5,166**	**604**	**(148)**	**54,144**	**88,783**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**1,739**	**1,739**
Other comprehensive loss:							
Changes in fair value of financial assets at FVOCI	**–**	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**(11)**	**1,739**	**1,728**
Equity-settled share option arrangements	**–**	**–**	**–**	**38**	**–**	**–**	**38**
At 30 June 2023 (unaudited)	**1,767**	**27,250**	**5,166**	**642**	**(159)**	**55,883**	**90,549**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**8,604**	1,709
Income tax (paid)/refunded, net	**(282)**	5
Net cash flows generated from operating activities	**8,322**	1,714
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**642**	429
Purchases of property, plant and equipment	**(3,140)**	(797)
Purchases of financial assets at FVTPL	**(975)**	(706)
Proceeds from disposal of financial assets at FVOCI	**886**	–
Investment in associates	**(7,263)**	(1,003)
Interest received	**59**	8
Dividend received	**53**	28
Net cash flows used in investing activities	**(9,738)**	(2,041)
Cash flows from financing activities		
Interest portion of the lease liabilities	**(59)**	(75)
Principal portion of the lease liabilities	**(1,505)**	(2,642)
Repayment of borrowings	**(623)**	(611)
Interests paid	**(28)**	(40)
Net cash flows used in financing activities	**(2,215)**	(3,368)
Net decrease in cash and cash equivalents	**(3,631)**	(3,695)
Cash and cash equivalents at beginning of the period	**23,441**	31,514
Cash and cash equivalents at end of the period	**19,810**	27,819
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**13,626**	25,819
Time deposits with maturity less than three months	**6,184**	2,000
	19,810	27,819

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Chuan Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business of the Company in Singapore is located at 20 Senoko Drive, Singapore 758207.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of general building and construction services in Singapore.

As at the date of this interim report, in the opinion of the directors (the "**Directors**") of the Company, the immediate holding company and the ultimate holding company of the Company is Brewster Global Holdings Limited ("**Brewster Global**"), which is a company incorporated in the British Virgin Islands with limited liability.

The condensed consolidated interim financial statements of the Group are unaudited, but have been reviewed by the audit committee (the "**Audit Committee**") of the board (the "**Board**") of the Directors. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 (the "**period under review**" or the "**Reporting Period**") were approved and authorised for issue by the Board on 31 August 2023.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") as well as with the applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These condensed consolidated interim financial statements do not include the information and disclosures required in annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022.

These condensed consolidated interim financial statements are presented in Singapore Dollars ("**S$**") and all values in this interim report are rounded to the nearest thousand ("**S$'000**") except when otherwise indicated.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2022.

The Group has applied for the first-time the standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standards, interpretation or amendments that has been issued but is not yet effective.

The adoption of the above amendment has no material impact on the Group's results and financial position for the current or prior periods. The Group has not early applied any new standards or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group determines its operating segments based on the reports reviewed by the executive Directors, being the chief operating decision-marker ("**CODM**"), that are used to make strategic decisions. These condensed consolidated interim financial statements which were reported to the CODM based on the following segments:

(i) Provision of earthworks and related services, mainly include excavation, earth disposal, demolition and various earthwork ancillary services (collectively referred as "**Earthworks and ancillary services**"); and

(ii) Provision of general construction works, mainly include construction of new buildings, alteration and addition works (collectively referred as "**General construction works**").

(a) Segment revenue and results

Segment revenue below represents revenue from external customers. There was no inter-segment revenue during the respective periods. Operating revenue, direct costs, gain on disposals of property, plant and equipment (including plant and machinery and motor vehicles), interest expenses on lease liabilities, provision for expected credit loss ("**ECL**") on trade receivables and bad debts recovered, were allocated to different segments to assess corresponding performance.

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

The segment revenue and results, and the totals presented for the Group's operating segments, reconcile to the Group's key financial figures as presented in the financial statements are as follows:

For the six months ended 30 June 2023 (unaudited)

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
Revenue from external customers	**41,539**	**25,217**	**66,756**
Reconciliation:			
Reportable segment results	**1,709**	**2,995**	**4,704**
Unallocated other income and gains			**912**
Corporate and other unallocated expenses			**(3,524)**
Interest on borrowings			**(28)**
Share of results of associates			**214**
Profit before income tax			**2,278**

For the six months ended 30 June 2022 (unaudited)

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
Revenue from external customers	38,896	3,577	42,473
Reconciliation:			
Reportable segment results	3,023	337	3,360
Unallocated other income and gains			1,414
Corporate and other unallocated expenses			(3,182)
Interest on borrowings			(40)
Share of results of associates			48
Profit before income tax			1,600

Corporate and unallocated expenses mainly included Director's emoluments, employee benefit expenses, depreciation of office equipment and other centralised administrative cost for the Group's headquarter.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

Reportable segment assets

The following is an analysis of the Group's segment assets by reportable and operating segment:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Earthworks and ancillary services	**45,621**	51,775
General construction works	**15,822**	8,760
Total	**61,443**	60,535
Additions to non-current segment assets:		
Earthworks and ancillary services	**6,035**	3,259

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Reportable segment assets	**61,443**	60,535
Corporate and other unallocated assets	**52,710**	50,000
Group assets	**114,153**	110,535

Corporate and other unallocated assets mainly included deposit, prepayments, other receivables due from related parties and advance payment to suppliers.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (Continued)

Reportable segment liabilities

The following is an analysis of the Group's segment liabilities by reportable and operating segment:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Earthworks and ancillary services	**10,897**	11,849
General construction works	**2,358**	1,210
Total	**13,255**	13,059

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Reportable segment liabilities	**13,255**	13,059
Borrowings	**2,446**	3,069
Corporate and other unallocated liabilities	**7,903**	5,624
Group liabilities	**23,604**	21,752

Corporate and other unallocated liabilities mainly included accruals for employee benefit expenses, and payables of office operating expenses and utilities.

5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue, which is also the Group's turnover, represents revenue from Earthworks and ancillary services and General construction works. Revenue recognised from the principal activities during the respective periods is as follows:

	Six months ended 30 June	
	2023	2022
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customer and recognised over time:		
Earthworks and ancillary services	**41,539**	38,896
General construction works	**25,217**	3,577
	66,756	42,473

Earthworks and ancillary services included revenue of S$38,790,000 (30 June 2022: S$35,390,000) from earthworks and S$2,749,000 (30 June 2022: S$3,506,000) from earthwork ancillary services.

(b) Transaction price allocated to remaining performance obligations

As at 30 June 2023, the transaction price allocated to performance obligations that were unsatisfied (or partially unsatisfied) in relation to project works was S$268,918,000 (30 June 2022: S$217,262,000). The Directors expect that the unsatisfied performance obligations will be recognised as revenue from 1 to 5 years according to the contract period.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(c) An analysis of the Group's other income and gains recognised during the respective periods is as follows:

	Six months ended 30 June	
	2023 **S$'000** **(Unaudited)**	2022 S$'000 (Unaudited)
Other income		
Management service income	**226**	197
Interest income on financial assets at amortised cost	**67**	13
Bad debts recovered	**29**	158
Rental income from investment property	**47**	54
Dividend income from financial assets at FVOCI	**53**	28
Sales of scrap materials and consumables	**317**	238
Government grant	**90**	513
Others	**–**	3
	829	1,204
Gains		
Gains on disposals of property, plant and equipment	**524**	202
Fair value gain on financial assets at FVTPL	**93**	87
Net foreign exchange gain	**19**	281
	636	570
Total	**1,465**	1,774

6. FINANCE COSTS

	Six months ended 30 June	
	2023 **S$'000** **(Unaudited)**	2022 S$'000 (Unaudited)
Interest expenses for financial liabilities at amortised cost:		
– Interest on lease liabilities	**59**	75
– Interest on borrowings wholly repayable within five years	**28**	40
Total	**87**	115

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2023	2022
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *	**3,169**	3,955
Depreciation of investment property **	**6**	6
Direct operating expenses arising from investment property that generated rental income	**14**	13
Employee benefit expenses (including Directors' remuneration):		
– Salaries, wages and bonuses	**9,858**	8,911
– Equity-settled share option expenses	**38**	48
– Defined contribution retirement plan	**372**	349
– Other short-term benefits	**1,623**	1,563
(Reversal of)/provision for ECL on contract assets	**(7)**	252
Provision for ECL on trade receivables	**35**	528

* *Depreciation of property, plant and equipment amounting to S$3,054,000 (30 June 2022: S$3,815,000) has been included in direct costs and S$115,000 (30 June 2022: S$140,000) has been included in administrative and other operating expenses.*

** *Depreciation of investment property has been included in administrative and other operating expenses.*

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Current tax – Singapore income tax		
Charge for the period	**445**	26
Deferred tax		
Charge for the period	**94**	243
Income tax expense	**539**	269

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits for each of the financial periods. No provision for Hong Kong profits tax has been made as the Group did not derive any assessable profit for the six months ended 30 June 2023 and 2022.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit for the period of S$1,739,000 (30 June 2022: S$1,331,000) and on the weighted average number of 1,036,456,000 (30 June 2022: 1,036,456,000) ordinary shares (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue during the Reporting Period.

The calculation of diluted earnings per share for the six months ended 30 June 2023 is based on the profit for the period of S$1,739,000 (30 June 2022: S$1,331,000) and on the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000 (30 June 2022: 1,126,044,000).

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group incurred capital expenditures of S$2,088,000 (30 June 2022: S$942,000) in plant and machinery, S$2,704,000 (30 June 2022: S$672,000) in motor vehicles and S$1,244,000 (30 June 2022: S$21,000) in furniture, fixtures and office equipment.

Items of property, plant and equipment with net book value amounting to S$118,000 (30 June 2022: S$227,000) were disposed of during the Reporting Period, resulting in a gain on disposal of S$524,000 (30 June 2022: S$202,000).

12. TRADE RECEIVABLES

	Notes	**As at 30 June 2023 S$'000 (Unaudited)**	As at 31 December 2022 S$'000 (Audited)
Trade receivables		**15,625**	22,642
Retention receivables		**272**	254
	(a)	**15,897**	22,896
Less: Provision for ECL on trade receivables and retention receivables		**(1,050)**	(1,044)
	(b)	**14,847**	21,852
Total trade receivables, net			
– Non-related parties		**14,831**	21,807
– Related parties	*(c)*	**16**	45
		14,847	21,852

Notes:

(a) During the Reporting Period, credit period granted to the Group's customers was generally within 30 (31 December 2022: 30) days from invoice date of the relevant contract revenue. Some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually one year) after completion of the contract. This amount withheld is classified as retention receivables. Retention receivables are unsecured and interest-free.

12. TRADE RECEIVABLES (CONTINUED)

(b) Based on invoices date, ageing analysis of the Group's trade receivables as at the end of each respective periods is as follows:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
0 to 30 days	**7,063**	7,062
31 to 90 days	**5,472**	7,592
91 to 180 days	**1,797**	4,312
181 to 365 days	**515**	2,293
Over 365 days	**–**	593
	14,847	21,852
Retention receivables	**–**	–
	14,847	21,852

Ageing analysis of the Group's trade receivables that were not impaired is as follows:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Neither past due nor impaired	**7,063**	7,058
1 to 30 days past due	**3,045**	3,898
31 to 90 days past due	**3,238**	5,957
91 to 180 days past due	**1,117**	2,582
181 to 365 days past due	**384**	1,864
Over 365 days past due	**–**	493
	14,847	21,852
Retention receivables	**–**	–
	14,847	21,852

The Group's trade receivables as at the reporting dates that were neither past due nor impaired related to customers who had no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

12. TRADE RECEIVABLES (CONTINUED)

(b) (Continued)

Movement in the provision for ECL on trade receivables and retention receivables is as follows:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Balance at beginning of the period/year	**1,044**	1,337
Provision for ECL, net	**35**	25
Bad debts recovered	**(29)**	(318)
Balance at end of the period/year	**1,050**	1,044

(c) The receivables from these related parties were unsecured, interest-free and repayable on demand. The trading transactions with these related parties are detailed in Note 19.

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Cash and bank balances	**14,907**	21,722
Time deposits with an original maturity of less than three months	**6,184**	3,000
	21,091	24,722
Less: Pledged deposits *(Note)*	**(1,281)**	(1,281)
Cash and cash equivalents	**19,810**	23,441

The bank balances bear interest at floating rates based on daily bank deposits rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Note:

As at 30 June 2023 and 31 December 2022, pledged deposits were restricted bank balances to secure:

i. the guarantee arrangement and the issuance of performance bonds (Note 20); and

ii. the banking facilities including letter of credits, overdraft and bank guarantee amounting to S$13,063,000 and S$17,500,000 respectively.

14. TRADE PAYABLES

	Notes	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Trade payables	*(a)*	**5,477**	6,532
Retention payables		**1,122**	361
		6,599	6,893
Total trade payables			
– Non-related parties		**5,963**	6,467
– Related parties	*(b)*	**636**	426
		6,599	6,893

Notes:

(a) The Group's trade payables are non-interest bearing and generally have payment terms of 30 days.

(b) The trading transactions with these related parties are detailed in Note 19.

Ageing analysis of trade payables, based on invoices date, is as follows:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
0 to 30 days	**4,050**	4,671
31 to 90 days	**960**	1,759
91 to 180 days	**1,180**	57
Over 180 days	**409**	406
	6,599	6,893

15. BORROWINGS

As at 30 June 2023, the Group's bank borrowings amounted to S$2,446,000 (31 December 2022: S$3,069,000). The bank borrowings are secured on corporate guarantee and repayable between 2 to 5 years time, with a fixed interest rate of 2% (31 December 2022: 2%) per annum.

16. LEASES

As Lessor

Future minimum lease rental receivables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Within one year	**37**	75
Within second to fifth year	**–**	13
	37	88

The Group leases its investment property under operating leases. The leases run for an initial period of 1 to 2 years. None of these leases includes any contingent rental.

17. SHARE CAPITAL

	Number of shares	**Amounts S$'000**
Authorised:		
Ordinary share HK$0.01 each		
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	10,000,000,000	17,430
Issued and fully paid:		
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	1,036,456,000	1,767

18. COMMITMENTS

The Group had the following commitments as at the reporting dates in respect of:

	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Contracted but not provided for, in respect of acquisition of		
– Property, plant and equipment	**911**	1,419

19. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following material related party transactions during the respective periods:

	Six months ended 30 June	
	2023 S$'000 (Unaudited)	2022 S$'000 (Unaudited)
Construction contract work and earthwork ancillary services income received from related parties *(Note)*	**117**	375
Construction costs and related supporting service fees charged by related parties *(Note)*	**1,188**	3,316
Rental expenses charged by related party	**48**	48

Note:

These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All the transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the parties.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The remuneration of the Directors and other members of key management for the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June	
	2023	2022
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**1,250**	1,076

20. CONTINGENT LIABILITIES

Performance bonds provided for in the ordinary course of business

As at 30 June 2023, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business of S$7,194,000 (31 December 2022: S$4,001,000). The guarantees in respect of performance bonds issued by banks were secured by pledged deposits (Note 13).

21. EVENTS AFTER THE REPORTING PERIOD

No significant event occurred after 30 June 2023.

22. APPROVAL OF THE INTERIM REPORT

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 were approved and authorised for issue by the Board on 31 August 2023.

BUSINESS REVIEW

The Board is pleased to present the interim results of the Group for the six months ended 30 June 2023, together with comparative figures for the previous period ended 30 June 2022.

Industry Review

In the first half of 2023, the global economy showed signs of recovery, although it remained precariously positioned amid persistent high inflation, tight monetary policies and restrictive credit conditions. The stabilisation of the energy crisis in Europe and China's reopening are positive factors likely to contribute to an economic rebound. Yet, potential financial strains in emerging markets and developing economies alike are expected to hamper global economic growth. Constrained by the weakness in the global economy, the growth momentum of Singapore's economy slowed to 0.4% year-on-year in the first quarter of 2023 and 0.7% in the second quarter, which is a significant decline from its annual gross domestic product ("**GDP**") growth rate of 3.6% in 2022.

Following the relaxation of restrictions related to Coronavirus Disease 2019 pandemic ("**COVID-19**" or "**pandemic**") in 2022, Singapore's construction sector has expanded in real terms, with growth momentum extending into the first half of 2023. During the Reporting Period, the sector grew 6.6% year-on-year in the second quarter following a 6.9% growth in the first quarter. Thanks to the ongoing expansion in construction output in both the public and private sectors, Singapore's construction industry was on track for a solid recovery.

To stimulate economic growth in medium to long term, the Singapore government has actively pursued various mega-projects, such as the construction of Mass Rapid Transit ("**MRT**") lines, water treatment plants, education facilities, community clubs and infrastructure. It has also maintained a strong pipeline of public housing projects amid Singapore's Housing and Development Board ("**HDB**")'s ramping up of Build-To-Order apartment supply. In the first half of 2023, the government initiated mega-infrastructure projects, such as Singapore's first hydrogen ready cogeneration plant - Keppel Sakra Cogen Plant, renovation at Mount Elizabeth Hospital, the Keppel Club waterfront redevelopment and more, signalling more growth potential across the industry.

Steady development in the construction industry has mitigated the problem of labour shortages, and the latest data released by the Ministry of Manpower of Singapore indicated that total employment, excluding migrant domestic workers, rose by 33,000 in the first quarter of 2023, in comparison to 43,500 in the fourth quarter of 2022. Notably, total employment was 3.8% above its December 2019 pre-pandemic level, and non-resident employment had exceeded that level by 1.7% as of March 2023, with the increase in non-resident employment occurring mainly in the construction and manufacturing sectors.

In addition, several measures aimed at increasing productivity were launched. Singapore's Building and Construction Authority ("**BCA**") introduced its Productivity Solutions Grant and Investment Allowance Scheme to offer ongoing support to construction firms adopting digital solutions and investing in innovative and higher productivity equipment to enhance labour capabilities and resilience against potential future challenges. Aided further by Singapore's Green Plan 2030 and improving marketing conditions, Singapore's construction industry is expected to regain its momentum over the medium to long term.

The industry is expected to grow at an annual rate of 5.4% in 2023, mainly due to the planned public housing projects, despite ongoing challenges such as labour supply issues and elevated prices for certain materials. According to the international construction consultancy firm, Linesight, a drop in global crude oil prices caused diesel prices in Singapore to decline marginally during the first quarter of 2023. Despite the challenging yet gradually improving environment in Singapore's construction sector, the Group has maintained prudent and pragmatic strategies to navigate the uncertain economic landscape while demonstrating its resilience and adaptability in ensuring its continued success in the industry.

Overall Performance

The Group has earned a distinguished reputation, established more than two decades, as one of Singapore's most prominent earthworks contractors. Leveraging its professionalism, industry expertise and impressive track record, the Group remains dedicated to delivering timely, reliable and premium services distinguished by the spirit of integrity and impeccable craftsmanship. The Group accords the highest importance to adhering to all safety and regulatory requirements, which is an integral part of its operations, and ensuring the highest standards of compliance are upheld.

The global economy showed signs of improvement during the first half of 2023, aided by factors such as reduced energy prices and diminished risks of finance sector instability. However, the ongoing impact of high interest rates and persistent core inflation hindered its pace of growth. In Singapore, following a period of robust economic recovery in the country for two consecutive years after the pandemic in 2022, growth momentum moderated significantly in the first half of 2023. Yet, the construction industry received a boost following the removal of pandemic-related travel restrictions, with an increased roll-out of key public projects producing a gradual uptick.

Capturing the opportunities arising from the resumption of construction activity, the Group's business strategies of proactive tendering and maximising operational efficiency began to bear fruit, as reflected in the financial results for the first half of the year. With the increase in number of completed projects that had earlier been halted or fallen behind schedule, more income was realised during the Reporting Period, leading the Group's revenue to surge approximately 57.2% from the same period last year, to reach approximately S$66.8 million.

In line with its revenue growth, the Group's operating costs also increased during the period under review, due in large measure to rising labour and materials costs. This prompted the Group to adopt more stringent cost control measures such as stabilising diesel prices, introducing environmental-friendly machinery, and implementing and adjusting project monitoring systems with efficient workforce arrangements to combat cost pressures. The Group achieved an approximate 9.9% increase in gross profit, reaching approximately S$4.2 million, up from approximately S$3.9 million for the six months ended 30 June 2022, with a corresponding gross profit margin of approximately 6.3%. Thanks to its disciplined cost management and effective tendering approach aimed at protecting profitability, coupled with the reversal of provision on trade receivables and contract assets during the Reporting Period, the Group achieved an encouraging net profit for the period attributable to its owners of approximately S$1.7 million, surging approximately 30.7% compared to the same period last year.

Despite a marginal ease of labour shortages following the lifting of travel restrictions, the Group continued to grapple with challenges arising from a scarcity of skilled and experienced labour, leading to an increase in recruitment costs. Recognising the importance of employee retention, the Group offered a series of incentives to promote productivity and enhance overall operational efficiency. The Group's astute tendering strategies also helped to win contracts with higher profit margins during the Reporting Period, and it secured sizeable projects including site clearance and earthworks at Telok Blangah, construction of the canopy and dinning area of Resorts World Sentosa Festive Hotel and the design and build of HDB's upgrading projects for G32E.

Attaining A2-grade contractor status for civil engineering and general building in BCA's Contractors Registry System in 2021 has placed the Group in a favourable position to participate in mega-infrastructure projects, bringing it closer to achieving success in direct tenders as a main contractor. Leveraging its solid brand recognition and deep professional expertise, the Group secured a total of 13 projects during the period under review, spanning public infrastructure, residential development and industrial construction, with a combined contract value exceeding S$102.4 million. Notably, the tapering of the worst of COVID-19 pandemic provided a more favourable business landscape for the General construction works segment, enabling the Group to secure more contracts in that segment during the first half of the year.

Amid a bright outlook for Singapore's construction industry, the Group is pressing ahead with its core business development whilst actively pursuing joint-venture redevelopment projects. It intends to further expand into the property redevelopment sector to strengthen its position in Singapore and mitigate operational risks. By partnering with established and respected listed companies, the Group has made strategic investments in significant projects in the country to diversify its investment portfolio. These investments proved fruitful during the Reporting Period, as redevelopment projects yielded gains in fair value. The Group remains committed to seizing joint-venture opportunities in property redevelopment to meet increasing demand in both the industrial and commercial property markets.

Earthworks and Ancillary Services

The Earthworks and ancillary services segment remained the Group's major revenue source during the period under review, accounting for approximately 62.2% of its total revenue, or approximately S$41.5 million, an increase from approximately S$38.9 million during the same period last year. The increase was attributable primarily to the completion of an increased number of projects following the progressive resumption of activity in Singapore's construction industry.

During the Reporting Period, the Group was engaged in 79 ongoing Earthworks and ancillary services projects, including projects related to earthworks at Woodlands, and alteration and addition works on bridges. It also secured 10 new projects with a total contract value of approximately S$46.3 million in the first half of 2023.

General Construction Works

The tapering of the pandemic has facilitated the resumption of deferred activity in the Singapore's General construction works segment. The Group strategically stepped up its efforts to tender for projects in this segment, leading to a notable increase in revenue, which reached approximately S$25.2 million during the Reporting Period, up from approximately S$3.6 million in the same period last year.

The Group was engaged in 10 ongoing General construction works projects, including projects related to alteration and addition works to the guestrooms and corridors at Resorts World Sentosa Festive Hotel during the Reporting Period. The Group also secured 3 new projects in the first half of 2023, with a total contract value of approximately S$56.1 million.

PROSPECTS

The International Monetary Fund has raised its 2023 global real GDP growth forecast to 3%, up 0.2 of a percentage point from its April forecast thanks to resilient economic activity. Yet, persistent challenges, including tight credit, mean the balance of risks facing the global economy remains tilted to the downside, which may dampen its medium-term outlook. Singapore's Ministry of Trade and Industry has maintained its GDP growth forecast for 2023 in the range of 0.5% to 2.5% amid the turbulent external environment.

According to projections by research firm, Research and Markets, Singapore's construction industry will experience 2.1% growth in 2023, reaching a value of approximately S$35.9 billion. The industry is expected to regain its momentum in the medium to long term amid a further pick-up in construction activity propelled by the government's strong pipeline of public housing projects and mega-construction projects. The projected escalation of data centre construction in Singapore is poised to act as an additional catalyst for the industry growth.

Leveraging the growth trajectory of the construction sector, underpinned by the government's commitment to fostering its long-term development, the Group will actively pursue strategic partnerships with leading enterprises possessing complementary skills and abilities to launch bids for public infrastructure projects, increasing its chances of winning these tenders. Thanks to the team's dedicated efforts when it comes to strategic tendering, the Group has managed to secure 3 new infrastructure projects since 1 July 2023, including project related to construction of the Elias MRT Station and tunnels under the Cross Island Line-Punggol Extension and the infrastructure works at Toa Payoh West. The Group will continue to optimise its strategic tendering resources wherever possible.

To further diversify its revenue stream, the Group will strategically pursue opportunities to participate in large-scale infrastructure projects and public housing initiatives that offer higher profit margins. Tourism in Singapore is experiencing a resurgence, with revitalisations of attractions and hotels presenting the Group with promising opportunities in the commercial property sector. The project win at Resorts World Sentosa Festive Hotel has demonstrated that the Group's unwavering tendering efforts and strategic approach are effective in capturing increasing opportunities. Going forward, the Group remains committed to closely monitoring market trends and diligently pursuing a growing number of new opportunities to drive its sustainable long-term revenue growth.

Aligning with the Group's firm commitment to fostering sustainable and enduring future development, it accords talent retention the highest priority. With this in mind, the Group has implemented a series of comprehensive initiatives aimed at retaining its highly skilled and proficient workforce, including the provision of competitive remuneration packages and attractive benefits strategically designed to incentivise employees and cultivate dedication to the Group's long-term objectives.

The Group will also place more emphasis on enhancing cost management and embracing advanced technologies to drive operational efficiency and effectiveness. Guided by its forward-thinking business strategy - "Think Green; Go Green", the Group will enhance its investment in green and sustainable machinery. By integrating green machinery, the Group can effectively reduce its carbon footprint, promote energy efficiency, and align with environmental-friendly practices, demonstrating its dedication to creating a greener future in Singapore.

The Group's strategic move into the property market to mitigate operational risks through investments in redevelopment projects has started to bear fruit in recent years. Moving forward, the Group remains focused on capturing similar opportunities within the industrial and commercial property markets by partnering with reputable listed companies and enterprises to further augment its income.

Within Singapore's dynamic and thriving construction industry, the Group remains agile and adaptable, and it is well-equipped to navigate ever-changing circumstances with the ultimate goal of generating optimal returns for the shareholders (the "**Shareholders**") of the Company.

FINANCIAL REVIEW

Revenue and Gross Profit

	For six months ended 30 June 2023			For six months ended 30 June 2022		
	Revenue recognised S$'000	**Gross profit S$'000**	**Gross profit margin**	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin
Earthworks and ancillary services	**41,539**	**1,138**	**2.7%**	38,896	3,481	8.9%
General construction works	**25,217**	**3,100**	**12.3%**	3,577	374	10.5%
Total	**66,756**	**4,238**	**6.3%**	42,473	3,855	9.1%

The total revenue of the Group for the six months ended 30 June 2023 amounted to approximately S$66.8 million, representing a substantial increase of approximately S$24.3 million or a surge of approximately 57.2% as compared to the corresponding period in 2022. The increase was mainly attributable to further resumption of construction activity in Singapore subsequent to the lifting of pandemic-related travel restrictions, resulting more income generation upon project completion. The increase in revenue, coupled with disciplined financial management, caused the gross profit of the Group increased to approximately S$4.2 million (30 June 2022: approximately S$3.9 million). Yet, the increase in revenue was more than offset by an increase in labour and material costs, gross profit margin thus decreased to approximately 6.3% (30 June 2022: approximately 9.1%).

Earthworks and Ancillary Services

During the Reporting Period, the Earthworks and ancillary services segment remained the major revenue contributor for the Group, accounting for approximately 62.2% of its total revenue. Capitalising on the Group's strategic tendering approach to win higher value projects with an increase in the number of completed projects during the Reporting Period, segmental revenue increased by approximately 6.8% year-on-year to approximately S$41.5 million (30 June 2022: approximately S$38.9 million). However, due to the increase in labour and material costs, the increase in revenue was accompanied by the increase in hefty operating costs of the projects secured in prior years, resulted in the decrease in the segmental gross profit to approximately S$1.1 million (30 June 2022: approximately S$3.5 million).

General Construction Works

Thanks to the relentless efforts of the Group's team members in actively pursuing new tendering projects and ramping up delivery, the Group achieved improved results in the General construction works segment for the six months ended 30 June 2023. Segmental revenue leaped to approximately S$25.2 million (30 June 2022: approximately S$3.6 million). The conclusion of COVID-19 pandemic unleashed burgeoning opportunities in the General construction works segment during the Reporting Period. Coupled with lower operating costs, segmental gross profit thus increased to approximately S$3.1 million (30 June 2022: S$374,000), witnessing a surge of approximately 8.3 times.

Other Income and Gains

Other income and gains amounted to approximately S$1.5 million for the six months ended 30 June 2023, a decrease of S$309,000 or approximately 17.4% as compared to the corresponding period in previous year. Such decline was mainly due to the reduction in financial relief from the Singapore government during the Reporting Period.

Administrative and Other Operating Expenses

For the six months ended 30 June 2023, administrative and other operating expenses increased by approximately 10.7% to approximately S$3.5 million (30 June 2022: approximately S$3.2 million), primarily attributable to the increase in labour overheads which was mostly in line with the improved performance of the Group.

Other Expenses

Other expenses decreased to S$29,000 (30 June 2022: S$780,000) for the six months ended 30 June 2023, mainly due to the reversal of provision on trade receivables and contract assets.

Finance Costs

For the six months ended 30 June 2023, finance costs decreased by approximately 24.3% from S$115,000 in the previous period to S$87,000, principally due to the decrease in interest on lease liabilities and on borrowings wholly payable within five years.

Share of Results of Associates

Share of results of associates of the Group for the six months ended 30 June 2023 amounted to S$214,000 (30 June 2022: S$48,000), primarily generated from the recognition of fair value gain of the Group's property redevelopment project.

Income Tax Expense

For the six months ended 30 June 2023, income tax expense amounted to S$539,000, while income tax expense of S$269,000 was recorded in the previous period, which was in line with the increase in net profit for the period of the Group.

Net Profit for the Period and Net Profit Margin

Combining the aforementioned factors, net profit for the period amounted to approximately S$1.7 million, representing a leap of approximately 30.7% from approximately S$1.3 million in the corresponding period last year. Net profit margin was approximately 2.6% for the six months ended 30 June 2023 (30 June 2022: approximately 3.1%).

Management Discussion and Analysis

Liquidity, Financial Resources and Gearing Ratio

Liquidity

The financial position of the Group remained sound and solid during the Reporting Period with working capital mainly financed by its internally generated funds as well as bank borrowings. As at 30 June 2023, cash and cash equivalents of the Group was approximately S$19.8 million (31 December 2022: approximately S$23.4 million). The decline was mainly attributable to the pre-planned fund injections to the associates and property redevelopment projects. In view of the recent rise in interest rates, the Group intends to generate higher interest income by increasing its fixed deposits placement.

To effectively address the liquidity risk, the Group maintains a vigilant oversight of its level of cash and cash equivalents, which is deemed adequate to finance its operations and mitigate any unforeseen fluctuation in cash flows.

Borrowings and Gearing Ratio

As at 30 June 2023, the Group had an aggregate of current and non-current borrowings and lease liabilities of approximately S$6.3 million, a decrease from approximately S$7.2 million as at 31 December 2022. As at 30 June 2023, the Group's gearing ratio was approximately 0.07 times (31 December 2022: approximately 0.08 times). Gearing ratio was calculated by dividing total borrowings (borrowings and lease liabilities) by total equity as at the end of the respective periods.

Foreign Exchange Exposure

The Group primarily conducts its operations in Singapore with most of the transactions settled in Singapore Dollars with a small portion of the cash and cash equivalents valued in United States Dollars. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currency of respective entities. The Group would conduct regular reviews and closely monitor its potential risk exposure in a timely manner.

Charges on Group's Assets

As at 30 June 2023, the Group's banking facilities were secured by the pledge of the Group's deposits of approximately S$1.3 million (31 December 2022: approximately S$1.3 million), while the Group's lease liabilities were secured by the charge over the leased assets with net book value of approximately S$7.5 million (31 December 2022: approximately S$5.1 million).

Contingent Liabilities

As at 30 June 2023, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business in the amount of approximately S$7.2 million as compared to approximately S$4.0 million for the year ended 31 December 2022. The guarantees in respect of performance bonds issued by banks were secured by pledged deposits.

Capital Expenditures and Capital Commitments

For the six months ended 30 June 2023, the Group invested approximately S$6.0 million in the purchase of property, plant and equipment and right-of-use assets, which were mainly funded by finance lease liabilities and working capital.

As at 30 June 2023, the Group's capital commitments in respect of acquisition of property, plant and equipment amounted to approximately S$0.9 million (31 December 2022: approximately S$1.4 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Disclosable Transactions during the Reporting Period

Save as disclosed in this interim report, during the Reporting Period and up to the date of this interim report, there has been no material change in the current information in relation to the significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures and disclosable transactions from the information as disclosed in the annual report of the Group for the financial year ended 31 December 2022.

EMPLOYEE AND EMOLUMENT POLICY

As at 30 June 2023, the Group had 556 (31 December 2022: 534) employees including foreign workers. The Group's total remuneration including Directors' emoluments for the six months ended 30 June 2023 amounted to approximately S$11.9 million (30 June 2022: approximately S$10.9 million).

Employees of the Group were remunerated according to their job duties and market trends. All employees were also entitled to discretionary bonus depending on their respective performance. Foreign workers were typically employed on one-year basis depending on the period of their work permits, and subject to renewal based on their performance and were remunerated according to their work skills. The Company has also adopted a share option scheme (the "**Share Option Scheme**") to recognise and reward the contribution of the employees for the benefit of the Group's operations and future development.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant 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:

Aggregate Long Positions in the Shares and Underlying Shares

	Number of Shares					
Name of the Director	**Personal interests (held as beneficial owner)**	**Corporate interests (interests of controlled corporation)**	**Sub-total**	**Number of underlying Shares held under equity derivatives** *(Note 2)*	**Total**	**Approximate percentage of the issued Shares as at 30 June 2023**
Mr. Lim Kui Teng ("**Mr. Lim**")	21,380,000	529,125,000 *(Note 1)*	550,505,000	–	550,505,000	53.11%
Mr. Bijay Joseph ("**Mr. Joseph**")	–	–	–	8,000,000	8,000,000	0.77%
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	31,092,000	31,092,000	3.00%

Notes:

1. These Shares were held by Brewster Global, entire issued share capital of which is directly held by Mr. Lim.

2. These interests represented the interests of these Directors in the underlying Shares in respect of the share options granted to them as beneficial owners under the Share Option Scheme, details of which are set out in the section headed "SHARE OPTION SCHEME" below.

Aggregate Long Positions in the Shares of the Company's Associated Corporation

Name of the Director	Name of the associated corporation	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of the issued shares of the associated corporation as at 30 June 2023
Mr. Lim	Brewster Global *(Note)*	Beneficial owner	1	100%

Note: Brewster Global is a controlling Shareholder and an associated corporation (within the meaning of Part XV of the SFO).

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 10 May 2016, the Company adopted the Share Option Scheme which became effective from 10 May 2016. Pursuant to the Share Option Scheme, the Board may grant options to eligible participants under the Share Option Scheme to subscribe for the Shares.

– Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group.

– Eligible participants

Eligible participants include employees or proposed employees (whether full time or part time, including directors) of members or invested entities of the Group; suppliers of goods or services; customers; persons or entities that provide research, development or other technological support; the Shareholders; or other participants who contribute to the development and growth of the Group or its invested entities.

– Total number of Shares available for issue

The total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, which represents approximately 9.6% of the issued Shares as at the date of this interim report.

– Maximum entitlement of each eligible participant

No option shall be granted to any eligible participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant would exceed 1% of the total number of Shares in issue from time to time, unless (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible participant and his close associates (as defined in the Listing Rules) shall abstain from voting; (ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible participant, and the number and the terms of the options to be granted and the options previously granted to such eligible participant); and (iii) the number and the terms (including the exercise price) of such options are fixed before the Shareholders' approval is sought.

– Period within which the option may be exercised by the grantee

Options may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which, in any event, shall not be longer than 10 years commencing from the date of the offer letter and expiring on the last day of such ten-year period.

There is no general requirement on the performance targets that must be achieved before an option may be exercised under the Share Option Scheme. However, the Board may, on the case by case basis, make an offer subject to the conditions in relation to performance targets to be achieved and the relevant clawback mechanism for the Company to recover the options granted as the Board may determine in its absolute discretion.

– Vesting period of options granted

No vesting period shall be provided for the options granted under the Share Option Scheme unless otherwise determined by the Board at the time of grant.

– Payment on acceptance of an option

An offer of grant of an option may be accepted by an eligible participant within 21 days from the date of grant of the option upon payment of HK$1.00.

– Basis of determining the exercise price of options granted

The exercise price of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (the "**Date of Grant**"), which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Shares on the Date of Grant. Where an option is to be granted, the date of the Board meeting at which the grant is proposed shall be taken to be the Date of Grant.

– Remaining life

The Share Option Scheme shall expire on 9 May 2026.

No share option was granted by the Company under the Share Option Scheme during the Reporting Period. The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period are 48,000 and 48,000 respectively. The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is Nil%.

Details of movements in the share options granted by the Company under the Share Option Scheme during the Reporting Period are as follows:

			Number of share options						
Name of the participant	Date of Grant	Exercise price per Share HK$	Outstanding as at 1 January 2023 *(Note 1)*	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2023	Exercise period *(Note 2)*
Directors									
Mr. Joseph	28 October 2020	0.090	8,000,000 (L)	–	–	–	–	8,000,000 (L)	10 May 2021 to 9 May 2026 (both days inclusive)
Mr. Phang	28 October 2020	0.090	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2021 to 9 May 2026 (both days inclusive)
	29 October 2021	0.220	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2022 to 9 May 2026 (both days inclusive)
	1 November 2022	0.103	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2023 to 9 May 2026 (both days inclusive)
Employees of the Group	28 October 2020	0.090	60,860,000 (L)	–	–	–	–	60,860,000 (L)	10 May 2021 to 9 May 2026 (both days inclusive)
Total			99,952,000 (L)	–	–	–	–	99,952,000 (L)	

Notes:

1. The letter "L" denotes a long position in the underlying Shares.

2. Vesting period of the share options granted commences from the Date of Grant of the relevant share option up to the date immediately before the same becomes exercisable.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and headed "SHARE OPTION SCHEME" above:

(a) at no time during the Reporting Period and at the end of the Reporting Period was the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, a party to any arrangement to enable the Directors, or any of their spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors, or their spouses or children under 18 years of age, had any right to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or exercised any such right during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as it is known to the Directors and the chief executives of the Company, as at 30 June 2023, the interests and short positions of the persons, other than the Directors and the chief executives of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Aggregate Long Positions in the Shares

Name of the substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of the issued Shares as at 30 June 2023
Brewster Global	Beneficial owner	529,125,000 *(Note 1)*	51.05%
Ms. Yee Say Lee ("**Ms. Yee**")	Interest of spouse *(Note 2)*	550,505,000	53.11%

Notes:

1. The entire issued share capital of Brewster Global is directly held by Mr. Lim. Accordingly, Mr. Lim is deemed to be interested in the Shares held by Brewster Global under the SFO. Mr. Lim is a controlling Shareholder and an executive Director.

2. Ms. Yee is the spouse of Mr. Lim. Accordingly, Ms. Yee is deemed to be interested in the Shares in which Mr. Lim is interested under the SFO.

Save as disclosed above, as at 30 June 2023, no person, other than the Directors and the chief executives of the Company, had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their associates (as defined in the Listing Rules) had any interest in a business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

Mr. Lim, a controlling Shareholder and an executive Director, has confirmed that he had not engaged in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group, and that he had complied with the undertaking given under the deed of non-competition as disclosed in the prospectus of the Company dated 25 May 2016 throughout the Reporting Period. The independent non-executive Directors were not aware of any incident of non-compliance of such undertaking.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The details of the advances to the entities and the financial assistances to, and guarantees given for facilities granted to, the Group's joint ventures and associated companies (collectively, the "**affiliated companies**") as at 30 June 2023 are as follows:

On 7 May 2021, each of Longlands Holdings Limited ("**Longlands**"), a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Company, Mr. Tng Kay Lim ("**Mr. Tng**"), an independent third party, and Mr. Yang Tse Pin ("**Mr. Yang**"), an independent third party, entered into a shareholder's loan agreement with Chuan Investments Pte. Ltd. (the "**JV Company**"), a company incorporated in Singapore with limited liability which is owned as to one-third each by Longlands, Mr. Tng and Mr. Yang respectively, pursuant to which the balance of the capital contribution to the JV Company payable by each of Longlands, Mr. Tng and Mr. Yang shall be made by way of unsecured interest-free shareholder's loans in the amount of not more than S$16,900,000 for the purpose of financing the redevelopment project of Maxwell House ("**Maxwell House**"), a 13-storey residential and commercial mixed-use building comprising 145 strata units located at 20 Maxwell Road, Singapore 069113 with a land area of 3,883.3 square metres. The amount of the contribution was determined based on the JV Company's portion (being 30%) of the cash contribution or commitment towards the capital needs for the proposed redevelopment project of Maxwell House (being an amount in the range of 20% to 27% of the total estimated capital needs for the proposed redevelopment project of Maxwell House). The unsecured interest-free shareholder's loans are repayable on demand. For further details, please refer to the announcement of the Company dated 7 May 2021 and the circular of the Company dated 25 June 2021.

Other Information and Corporate Governance

The advances to the entities as well as the financial assistances and guarantees to the affiliated companies given by the Group as at 30 June 2023 are set out below:

	As at 30 June 2023 S$'000	As at 31 December 2022 S$'000
Amount due by the affiliated companies *(Note)*	**15,355**	8,689
Guarantees given for the affiliated companies in respect of banking and other credit facilities	**–**	–
Commitments to capital injections and loan contributions	**1,545**	8,211

Note: The advances are unsecured interest-free shareholder's loans, which are repayable on demand.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 June 2023 are presented as follows:

	Combined statement of financial position S$'000	**The Group's attributable interests S$'000**
Non-current assets	50,973	16,991
Current assets	77	26
Current liabilities	153	51
Total assets less current liabilities	50,897	16,969
Non-current liabilities	48,169	16,056
Net assets	2,728	910

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2023.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of good corporate governance in and adopted all the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code set out in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance practices.

The Company had complied with all applicable Code Provisions throughout the Reporting Period.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors, following specific enquiries made by the Company, have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the Reporting Period.

The Company has also adopted a written code of conduct regarding securities transactions by its relevant employees (including all employees of the Company and all directors and employees of the Company's subsidiaries and holding companies who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities, the "**Relevant Employees**") on terms no less exacting than the Model Code. All Relevant Employees have been requested to follow such code when dealing in the securities of the Company.

CHANGES IN DIRECTORS' INFORMATION

There has been no change in information of the Directors since the date of the annual report of the Group for the financial year ended 31 December 2022 and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Wong Ka Bo Jimmy (chairman), Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei.

At the request of the Audit Committee, Ernst & Young LLP, the auditor of the Company (the "**Auditor**"), performed certain agreed-upon procedures on the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 in accordance with International Standards on Related Services 4400 (Revised) *Agreed-Upon Procedures Engagements*.

The agreed-upon procedures were performed solely to assist the Audit Committee to review the interim results of the Group for the six months ended 30 June 2023. As the agreed-upon procedures did not constitute an assurance engagement performed in accordance with International Standards on Auditing or International Standards on Review Engagements, the Auditor does not express any assurance on the interim results of the Group for the six months ended 30 June 2023.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including the review of this interim report.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Shares by the Company or any of its subsidiaries during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

During the Reporting Period and up to the date of this interim report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules.

On behalf of the Board

Phang Yew Kiat
Chairman and Non-executive Director

31 August 2023