

# BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1987

## Interim Report **2021**



# CONTENTS

<b>2</b>	Corporate Information
<b>4</b>	Management Discussion and Analysis
<b>19</b>	Corporate Governance and Other Information
<b>27</b>	Condensed Consolidated Statement of Comprehensive Income
<b>28</b>	Condensed Consolidated Statement of Financial Position
<b>30</b>	Notes to the Condensed Consolidated Interim Financial Statements



# 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. Wang Dongfeng

### Non-Executive Director

Mr. Cheung Kam Fai

### 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. Chan Kar Nang Sherman  
*(resigned on 23 April 2021)*  
Mr. Wong Chi Wai  
*(appointed on 23 April 2021)*

## AUTHORISED REPRESENTATIVES

Mr. Tan Chee Beng  
Mr. Chan Kar Nang Sherman  
*(resigned on 23 April 2021)*  
Mr. Wong Chi Wai  
*(appointed on 23 April 2021)*

## AUDITOR

PricewaterhouseCoopers  
*Certified public accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central, 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

# CORPORATE INFORMATION

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21 Tuas South Street 7  
Singapore 637111

## 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  
Level 54, Hopewell Centre  
183 Queen's Road East, 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 28 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. 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.

During 1H2021, the Group completed seven demolition projects of which four were commercial building projects, two were residential building projects and one was an oil tank project.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out details of the projects completed by the Group during 1H2021:

<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 ("\$")'000)</i>
Customer A <i>(Note 1)</i>	Demolition of Existing Commercial Building	17 February 2021	219
Customer B <i>(Note 2)</i>	Demolition of Existing Commercial Building	16 March 2021	774
Customer C <i>(Note 3)</i>	Demolition of Existing Commercial Building*	31 March 2021	651
Customer D <i>(Note 4)</i>	Demolition of Existing Oil Tanks*	29 March 2021	167
Customer E <i>(Note 5)</i>	Demolition of Factory Buildings including Reinstatement Works	30 April 2021	616
Customer F <i>(Note 6)</i>	Demolition of Residential House*	6 May 2021	11
Customer G <i>(Note 7)</i>	Demolition of Showflat including Reinstatement Works*	20 May 2021	118

Notes:

- (1) Customer A is a major agency in Singapore specializing in planning, promotion and development of a dynamic industrial landscape.
- (2) Customer B is a subsidiary incorporated in Singapore owned by a leading food processing and investment holding company.

# MANAGEMENT DISCUSSION AND ANALYSIS

- (3) Customer C is a company incorporated in Singapore specializing in manufacture of industrial gases and dry ice.
  - (4) Customer D is a company incorporated in Singapore specializing in building construction works and wholesale of construction materials, hardware, plumbing and heating equipment and supplies.
  - (5) Customer E is a company incorporated in Singapore specializing in motor vehicle construction works and construction machinery repairation works.
  - (6) Customer F is a company incorporated in Singapore specializing in building construction works and waste collection works.
  - (7) Customer G is a company incorporated in Singapore specializing in building construction works and cleaning services for public areas, offices and factories.
- \* These are the projects secured and completed during 1H2021.

As at 30 June 2021, the Group had nine demolition projects in progress, of which three were commercial building projects, two were residential building projects, two were camp-site projects, one involved a chemical plant and one involved power plant.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following sets out details of demolition projects which remained ongoing as at 30 June 2021:

Customer	Description of Works	Expected Completion Date	Aggregated Recognized Revenue since the Project's Commencement <i>(Singapore Dollars ("\$")'000)</i>
Customer H <i>(Note 1)</i>	Demolition of Residential Blocks	28 October 2021	4,600
Customer H	Demolition of Residential Blocks	31 August 2021	3,340
Customer I <i>(Note 2)</i>	Soil Remediation Works to Commercial Building*	30 October 2022	2,283
Customer J <i>(Note 3)</i>	Demolition of Factory Building*	31 August 2021	198
Customer K <i>(Note 4)</i>	Demolition of 4 Storey Building, including Cable Chamber and Access Road*	12 August 2021	133
Customer L <i>(Note 5)</i>	Demolition of 4 Storey Building and 2 Storey Hall*	30 September 2021	—**
Customer M <i>(Note 6)</i>	Demolition of Electrical Cables at Power Station*	30 October 2021	—**
Customer N <i>(Note 7)</i>	Demolition of Manufacturing Facility*	15 December 2021	—**
Customer O <i>(Note 8)</i>	Demolition of Factory Building	15 February 2022	—**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Notes:

- (1) Customer H is a government and statutory entity in Singapore.
  - (2) Customer I is a company incorporated in Singapore specializing in supporting service activities.
  - (3) Customer J is a company incorporated in Singapore specializing in building construction works.
  - (4) Customer K is a company incorporated in Singapore specializing in freight land transport works.
  - (5) Customer L is a company incorporated in Singapore specializing in building construction works.
  - (6) Customer M is a company incorporated in Singapore specializing in transmission, distribution and sale of electricity.
  - (7) Customer N is a company incorporated in Singapore specializing in building construction works and installation of industrial machinery and equipment, mechanical engineering works.
  - (8) Customer O is a company incorporated in Singapore specializing in building construction works.
- \* These are projects secured during 1H2021.
- \*\* These projects are yet to commence as at 30 June 2021.

During 1H2021, the Group was continuously impacted by the novel coronavirus (“**COVID-19**”) pandemic due to a surge of new outbreaks of COVID-19 cases during the second quarter of 2021 in Singapore, which triggered the Singapore Government to re-implement additional pre-emptive measures (“**Measures**”). The demolition activities of the Group have gradually resumed since the second half of 2020 and the Measures are not as stringent as compared to the imposition of the Circuit Breaker by the Singapore Government during 1H2020, whereby all the demolition projects of the Group were suspended or delayed.

Following the recovery from the pandemic, the Group recorded a higher revenue for 1H2021 as compared to the same period in 2020. This has led to the improved financial performance of the Group from its gross loss position during 1H2020 to a gross profit position for the same period in 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK AND PROSPECTS

The COVID-19 pandemic has continued to cause an impact to the global economy and Singapore has not been spared. According to the Singapore Ministry of Trade and Industry, the performance of the Singapore economy in the first half of 2021 was stronger than expected. The COVID-19 situation has also stabilised with the vaccination programme making continued good progress. Through dampened by the major setback in the global economy, the Singapore economy is expected to continue to see a gradual recovery in the second half of the year, supported in large part by outward oriented sectors.

According to the Singapore Building and Construction Authority (“**BCA**”), the total construction demand in 2021 is projected to recover to between S\$23 billion and S\$28 billion. Public sector projects are also expected to drive this year’s demand with an anticipated stronger demand for public housing, transport and healthcare infrastructure projects. Meanwhile, private sector construction demand is also expected to improve steadily in the same period. Therefore, the Directors are cautiously optimistic to the sustained recovery of construction and demolition demand in the coming year.

The Group is monitoring the situation closely and will maintain operational and financial prudence amidst a challenging economy. Moreover, with the large-scale economic stimulus policies introduced by the Singaporean government and potential growth of the construction industry in Singapore, the demolition industry is expected to emerge stronger than before after the difficult transitions and significant changes brought about by the COVID-19 outbreak.

The Group intends to continue the existing principal businesses of providing demolition services in Singapore. At the same time, the Group has also expanded and diversified its business by investing into new business opportunities, which can enhance shareholder value as well as complement and leverage existing business lines. Since September 2020, the Group has devoted resources to develop new businesses related to the e-commerce business, the outlook and prospects of which the Directors are continuously optimistic about.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During 1H2021, 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; (iii) the proceeds from earth providers for depositing earth at the demolition sites for landfilling purposes and (iv) e-commerce services. The Group's revenue for the 1H2021 was approximately S\$8.5 million, representing an increase of approximately 129.7% from approximately S\$3.7 million for 1H2020, as a result of the recovery of the construction market in Singapore which resulted in: (i) an increase in the demand for demolition services; and (ii) the increased demand for salvage materials.

The following table sets forth the breakdown of the revenue by the nature of work undertaken during 1H2021 and 1H2020.

	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Net contract sum	4,495	2,103
Proceeds from disposal of salvage materials	3,264	1,407
Earth depositing proceeds	296	90
E-commerce	367	–
Other revenue <sup>(1)</sup>	118	68
Total revenue	8,540	3,668

Note:

- (1) Other revenue mainly comprises of other service income for services rendered for site operation management.

# 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 1H2021 and 1H2020.

	6 months ended 30 June	
	2021 S\$'000	2020 S\$'000
Direct labour costs	1,268	1,197
Depreciation	1,701	1,816
Raw materials, consumables and other overheads	2,255	2,363
Subcontractor charges	1,813	2,138
Maintenance expenses	350	609
Transportation expenses	58	529
Others	483	637
<b>Total cost of sales</b>	<b>7,928</b>	9,289

The Group's cost of sales decreased from approximately S\$9.3 million for 1H2020 to approximately S\$7.9 million for 1H2021, representing a decrease of 15.1%.

The decrease in cost of sales mainly attributable to the decrease in the engagements with subcontractors and transportation expenses. The large decrement was mainly due to varying project costs from project to project according to the different type of work performed, 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 increase in revenue, the Group's gross profit increased by approximately S\$6.2 million, from a gross loss of approximately S\$5.6 million for 1H2020 to a gross profit of approximately S\$0.6 million for 1H2021, representing an increase of approximately 110.7%. In line with the improved gross profit for the 1H2021, the Group recorded a gross profit margin of approximately 7.2% for 1H2021 as compared to gross loss margin of 153.3% for 1H2020. The increase in the Group's gross profit margin was mainly due to the combined effects of (i) resumption of demolition activities that generate sufficient revenue to offset the fixed costs; and (ii) decrease in the cost of sales as a result of cost reduction measures taken by the Group.

## 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 1H2021 amounted to approximately S\$3.8 million, which remained stable compared to 1H2020.

## Other income

During 1H2021, the Group's other income amounted to S\$0.4 million as compared to approximately S\$0.6 for 1H2020. The decrease of approximately S\$0.2 million primarily resulted from the decrease in government grants received during 1H2021 for COVID-19 measures.

## Finance costs

The Group recorded finance costs of approximately S\$0.1 million for 1H2021 and S\$0.2 million for 1H2020, respectively, representing a decrease of approximately S\$0.1 million or 50.0%. The decrease was mainly due to the decrease in interest expenses on bank borrowings and lease liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Income tax credit

During 1H2021, the Group did not incur any income tax expenses or income tax credit as compared to 1H2020 since the Group recorded a loss before income tax in 1H2021.

## Loss attributable to equity holders of the Company

As a result of the foregoing, the loss attributable to equity holders of the Company for 1H2021 decreased by approximately S\$6.4 million or 68.8%. The loss of approximately S\$2.9 million for 1H2021 decreased compared with the loss of approximately S\$9.3 million for 1H2020.

## 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 2021,

- 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

- B. the Group had net current assets of approximately S\$15.2 million as compared to S\$16.2 million as at 31 December 2020, representing a decrease of approximately S\$1.0 million or 6.2%. The decrease was mainly attributable to (i) the decrease in trade receivables; and (ii) a decrease in the cash and cash equivalents.
- C. the Group had cash and cash equivalents of approximately S\$7.7 million as at 30 June 2021 as compared to S\$9.1 million as at 31 December 2020. During 1H2021, 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\$36.4 million as at 30 June 2021 as compared to approximately S\$39.3 million as at 31 December 2020, and the Group's total debt amounted to approximately S\$12.6 million as at 30 June 2021 as compared to approximately S\$13.9 million as at 31 December 2020. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

## 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 2021, the Group recorded a gearing ratio of approximately 29.5% (31 December 2020: 29.0%).

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingent liabilities

As at 30 June 2021, the Group had no significant contingent liabilities or outstanding litigation (31 December 2020: nil).

## Capital commitment

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: nil).

## Material acquisitions or disposals

During 1H2021, 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 2021.

## Employee information and remuneration policy

As at 30 June 2021, the Group had a total of 103 employees, 8 less than as at 31 December 2020. 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 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Results and Interim Dividend

The Group's loss for 1H2021 and the Group's financial position are set out in the condensed consolidated financial statements on pages 27 to 28 of this report.

The Board does not recommend the payment of an interim dividend for the period ended 1H2021.

## Significant investment held

As at 30 June 2021, save as disclosed in this report, there were no material investments held by the Group (31 December 2020: nil).

## Charge of the Group's assets

As at 30 June 2021, the leasehold land and building of the Group with carrying amounts of approximately S\$5.7 million (31 December 2020: S\$5.9 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 1H2021:

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 1H2021 <i>HK\$'000</i>	Approximate Amount of Net Proceeds utilised during 1H2021 <i>HK\$'000</i>	Approximate Unused Net Proceeds as at the end of 1H2021 <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	31,795	-	31,795
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	9,100	-	9,100
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 1H2021, the amount of the net proceeds which remained unutilised amounted to approximately HK\$43.1 million. The remaining unutilised net proceeds are expected to be utilised on or before 31 December 2022 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
- 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 1H2021, 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 positions in the shares and underlying shares of associated corporation of the Company

#### (i) Long positions 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%
Mr. Cheung Kam Fai	Beneficial Owner	11,460,000 Shares (L)	1.15%

# 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

<b>Name</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held/ interested (Note 1)</b>	<b>Percentage of shareholding in the associated corporation</b>
Mr. Tan Chee Beng	TCB	Beneficial owner	100	100%

*Note:*

1. As at the end of the 1H2021, the total number of issued shares were 100.

Save as disclosed above, as at the end of 1H2021, 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 1H2021, 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 (Note 1) Interest of spouse (Note 2)	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 1H2021, 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 1H2021 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 1H2021.

## 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 1H2021 and up to the date of this report.

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

During 1H2021, 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 1H2021, 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 1H2021.

## 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 1H2021. 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 A.2.1 OF THE CG CODE

Under paragraph A.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 1H2021.

## 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 2021 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 2021

Hong Kong

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Note	6 months ended 30 June	
		2021 S\$ (unaudited)	2020 S\$ (unaudited)
Revenue	5	8,540,040	3,667,624
Cost of sales	7	(7,928,096)	(9,289,222)
<b>Gross profit/(loss)</b>		<b>611,944</b>	(5,621,598)
Other income	6	405,605	637,631
Other gains — net	6	3,515	8,295
Selling and distribution expenses	7	(123,838)	(112,458)
Administrative expenses	7	(3,752,991)	(3,805,022)
<b>Operating loss</b>		<b>(2,855,765)</b>	(8,893,152)
Finance costs	8	(148,378)	(187,413)
<b>Loss before income tax</b>		<b>(3,004,143)</b>	(9,080,565)
Income tax credit	9	—	13,260
<b>Loss after income tax</b>		<b>(3,004,143)</b>	(9,067,305)
<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		18,785	(203,282)
<b>Total comprehensive loss</b>		<b>(2,985,358)</b>	(9,270,587)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(2,944,630)	(9,067,305)
Non-controlling interest		(59,513)	—
		<b>(3,004,143)</b>	(9,067,305)
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company		(2,925,263)	(9,270,587)
Non-controlling interest		(60,095)	—
		<b>(2,985,358)</b>	(9,270,587)
<b>Loss per share (expressed in S\$ cent)</b>			
Basic and diluted	10	(0.29)	(0.93)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at	
	Note	30 June 2021 S\$ (unaudited)	31 December 2020 S\$ (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		21,165,970	22,227,899
Intangible assets		37,475	42,141
Right-of-use assets		7,363,904	8,810,905
Investment property		2,031,360	2,053,440
Financial asset at fair value through profit or loss		164,280	162,140
		<b>30,762,989</b>	33,296,525
<b>Current assets</b>			
Contract related assets and costs		5,906,647	5,407,796
Deposits paid to customers		8,345	37,010
Trade receivables	11	3,252,673	3,748,821
Deposits, prepayments and other receivables	12	1,199,277	1,553,776
Cash and cash equivalents	13	7,721,415	9,073,033
		<b>18,088,357</b>	19,820,436
<b>Total assets</b>		<b>48,851,346</b>	53,116,961
<b>Equity attributable to equity holders of the Company</b>			
Share capital	16	1,742,159	1,742,159
Reserves	17	21,659,320	21,639,953
Retained earnings		12,970,647	15,915,277
		<b>36,372,126</b>	39,297,389
Non-controlling interests		<b>(96,832)</b>	(36,737)
<b>Total equity</b>		<b>36,275,294</b>	39,260,652

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	As at	
		30 June 2021 S\$ (unaudited)	31 December 2020 S\$ (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	15	975,106	1,267,638
Lease liabilities		8,755,589	8,959,461
		<b>9,730,695</b>	10,227,099
<b>Current liabilities</b>			
Trade and other payables	14	1,857,444	2,338,526
Borrowings	15	585,064	585,064
Lease liabilities		402,849	556,272
Current income tax liabilities	9	–	149,348
		<b>2,845,357</b>	3,629,210
<b>Total liabilities</b>		<b>12,576,052</b>	13,856,309
<b>Total equity and liabilities</b>		<b>48,851,346</b>	53,116,961

## 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 2021 (“**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 2021 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 2020, 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 2020, as described in those annual financial statements. Taxes on income for the six months ended 30 June 2021 and 2020 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 2021, 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 2021</b>	31 December 2020
	<b>S\$ (unaudited)</b>	S\$ (audited)
Borrowings (Note 15)	<b>1,560,170</b>	1,852,702
Lease liabilities	<b>9,158,438</b>	9,515,733
Less: Cash and cash equivalents (Note 13)	<b>(7,721,415)</b>	(9,073,033)
Net debt	<b>2,997,193</b>	2,295,402
Total equity	<b>36,372,126</b>	39,297,389
Total capital	<b>39,369,319</b>	41,592,791
Gearing ratio	<b>8%</b>	6%

### 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 31 December 2020			
Assets			
Financial asset at fair value through profit or loss			
— Keyman insurance contract	–	–	162,140
At 30 June 2021			
Assets			
Financial asset at fair value through profit or loss			
— Keyman insurance contract	–	–	<b>164,280</b>

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 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
Financial asset at fair value through profit or loss		
At beginning of the period	<b>162,140</b>	161,809
Currency exchange differences	–	(4,156)
Fair value gain recognised in profit or loss ( <i>Note 6</i> )	<b>2,140</b>	4,487
At end of the period	<b>164,280</b>	162,140

## 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	
	2021	2020
	S\$	S\$
	(unaudited)	(unaudited)
Provision of demolition services ( <i>Note (i)</i> )	<b>8,054,649</b>	3,599,311
Others ( <i>Note (ii)</i> )	<b>485,391</b>	68,313
Total revenue	<b>8,540,040</b>	3,667,624

*Notes:*

- (i) 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	
	2021 S\$ (unaudited)	2020 S\$ (unaudited)
Other income:		
Interest income	4,295	25,943
Government grants	217,490	599,688
Rental income from investment property	12,000	12,000
Miscellaneous income <i>(Note (i))</i>	171,820	–
<b>Total other income</b>	<b>405,605</b>	637,631
Other gains:		
Gain on disposals of property and equipment	1,375	6,000
Fair value gain on financial asset at fair value through profit or loss	2,140	2,295
<b>Total other gains</b>	<b>3,515</b>	8,295
<b>Total other income and other gains</b>	<b>409,120</b>	645,926

*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>2021</b> <b>S\$</b> <b>(unaudited)</b>	2020 S\$ (unaudited)
Sub-contractor charges	<b>1,812,722</b>	2,137,777
Transportation expenses	<b>108,167</b>	569,455
Maintenance expenses	<b>349,706</b>	608,679
Insurance expenses	<b>61,300</b>	85,162
Raw materials, consumables and other overheads	<b>2,255,421</b>	2,363,410
Employee benefits expenses, including directors' emoluments ( <i>Note (a)</i> )	<b>3,677,920</b>	3,564,451
Depreciation	<b>2,356,365</b>	2,520,047
Amortization of intangible assets	<b>5,814</b>	–
Legal and professional fees	<b>232,145</b>	45,976
Auditors' remuneration	<b>31,174</b>	88,543
Expenses relating to short-term leases	<b>54,847</b>	160,297
Motor vehicle expenses	<b>41,878</b>	41,515
Utility expenses	<b>46,254</b>	133,278
Others	<b>771,212</b>	888,112
<b>Total cost of sales, selling and distributions expenses and administrative expenses</b>	<b>11,804,925</b>	13,206,702
Represented by:		
Cost of sales	<b>7,928,096</b>	9,289,222
Selling and distribution expenses	<b>123,838</b>	112,458
Administrative expenses	<b>3,752,991</b>	3,805,022
	<b>11,804,925</b>	13,206,702

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 EXPENSES BY NATURE (CONTINUED)

Note:

(a)

	6 months ended 30 June	
	2021	2020
	S\$	S\$
	(unaudited)	(unaudited)
Wages, salaries, bonuses and other benefits	3,473,551	3,382,325
Pension costs — defined contribution plans	204,369	182,126
	<b>3,677,920</b>	3,564,451

	6 months ended 30 June	
	2021	2020
	S\$	S\$
	(unaudited)	(unaudited)
Amount included in:		
Cost of sales	1,267,837	1,196,551
Administrative expenses	2,410,083	2,367,900
	<b>3,677,920</b>	3,564,451

## 8 FINANCE COSTS

	6 months ended 30 June	
	2021	2020
	S\$	S\$
	(unaudited)	(unaudited)
Interest expenses on:		
— Bank borrowings	20,790	29,894
— Lease liabilities	127,588	157,519
	<b>148,378</b>	187,413

# 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 2020: 17%) on the estimated assessable profit.

### (a) Income tax credit

The amount of income tax credit credited to the condensed consolidated statement of comprehensive income represents:

	6 months ended 30 June	
	2021 S\$ (unaudited)	2020 S\$ (unaudited)
Current income tax		
— Singapore	—	—
Deferred income tax		
— Singapore	—	(13,260)
Income tax credit	—	(13,260)

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

	6 months ended 30 June	
	2021 S\$ (unaudited)	2020 S\$ (unaudited)
Loss before income tax	<b>(3,004,143)</b>	(9,080,565)
Tax calculated at a tax rate of 17%	<b>(510,704)</b>	(1,543,696)
Expenses not deductible for tax purposes	<b>98,511</b>	105,865
Income not subject to tax	<b>(36,973)</b>	(4,410)
Deferred tax not recognised on tax losses and temporary differences	<b>449,166</b>	1,428,981
Income tax credit	—	(13,260)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9 INCOME TAXES (CONTINUED)

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

	As at	
	30 June 2021	30 June 2020
	S\$	S\$
	(unaudited)	(unaudited)
At 1 January	149,348	706,210
Tax paid	(149,348)	–
At 30 June	–	706,210

## 10 LOSS PER SHARE

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

	6 months ended 30 June	
	2021	2020
	S\$	S\$
	(unaudited)	(unaudited)
Loss attributable to equity holders of the Company (S\$)	(2,925,263)	(9,270,587)
Weighted average number of shares in issue ( <i>Note (ii)</i> )	1,000,000,000	1,000,000,000
Basic loss per share (S\$ cent)	(0.29)	(0.93)

For the six months ended 30 June 2021, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (30 June 2020: same).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10 LOSS PER SHARE (CONTINUED)

Note (i):

The weighted average of 1,000,000,000 ordinary shares used in the calculation of basic losses per share for the period ended 30 June 2021 and 31 December 2020 comprising: (i) 9,900 ordinary shares of the Company in issue as at 31 December 2018; and (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 2021 S\$ (unaudited)	31 December 2020 S\$ (audited)
Trade receivables from third parties	3,139,479	3,738,620
Less: Allowance for impairment of trade receivables	(270,234)	(270,234)
	2,869,245	3,468,386
Retentions	383,428	280,435
	3,252,673	3,748,821

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</b>	31 December
	<b>2021</b>	2020
	<b>S\$</b>	S\$
	<b>(unaudited)</b>	(audited)
Below 30 days	<b>933,544</b>	1,859,325
31–60 days	<b>1,164,446</b>	706,932
61–90 days	<b>64,141</b>	19,490
91–120 days	<b>4,280</b>	440
Over 120 days	<b>1,086,262</b>	1,162,634
	<b>3,252,673</b>	3,748,821

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</b>	31 December
	<b>2021</b>	2020
	<b>S\$</b>	S\$
	<b>(unaudited)</b>	(audited)
At the beginning of the period/year	<b>270,234</b>	265,049
Provision for impairment of receivables recognised during the period/year	–	5,185
At the end of the period/year	<b>270,234</b>	270,234

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11 TRADE RECEIVABLES (CONTINUED)

During the year ended 31 December 2020, a customer was identified and assessed to have a characteristic of higher credit risk than the rest of the other debtors due to ongoing financial restructuring. Based on the Group's assessment, the expected credit loss rate over the outstanding debt for this customer is approximately 100%. Therefore, a corresponding loss allowance amounting to S\$5,185 was recognised in 2020.

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

	As at	
	30 June 2021 S\$ (unaudited)	31 December 2020 S\$ (audited)
S\$	3,190,472	3,694,284
United State dollar ("US\$")	54,537	54,537
Renminbi ("RMB")	7,664	–
	<b>3,252,673</b>	3,748,821

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>As at</b>	
	<b>30 June 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
Other receivables	<b>25,196</b>	5,749
Government grant receivable	–	251,282
Deposits paid to third parties	<b>108,140</b>	863,654
Staff loans	<b>18,982</b>	22,032
Prepayments	<b>1,046,959</b>	411,059
Current portion	<b>1,199,277</b>	1,553,776

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 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
S\$	<b>865,576</b>	347,218
Hong Kong dollar ("HK\$")	<b>123,021</b>	1,127,068
US\$	–	79,490
RMB	<b>210,680</b>	–
	<b>1,199,277</b>	1,553,776

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13 CASH AND CASH EQUIVALENTS

	<b>As at</b>	
	<b>30 June 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
Cash at banks	<b>7,716,415</b>	9,068,033
Cash on hand	<b>5,000</b>	5,000
	<b>7,721,415</b>	9,073,033

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

	<b>As at</b>	
	<b>30 June 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
S\$	<b>6,689,622</b>	8,518,458
US\$	<b>112,688</b>	112,689
HK\$	<b>918,935</b>	234,087
RMB	<b>170</b>	207,799
	<b>7,721,415</b>	9,073,033

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14 TRADE AND OTHER PAYABLES

	<b>As at</b>	
	<b>30 June 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
Trade payables	<b>603,715</b>	1,032,330
Accrued expenses	<b>639,008</b>	715,011
Other payables	<b>614,721</b>	591,185
	<b>1,857,444</b>	2,338,526

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 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
Up to 30 days	<b>345,517</b>	307,239
31–60 days	<b>217,871</b>	612,166
61–90 days	<b>39,963</b>	112,770
91–120 days	<b>364</b>	155
	<b>603,715</b>	1,032,330

## 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 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
S\$	<b>1,308,040</b>	1,810,722
HK\$	<b>70,917</b>	100,809
RMB	<b>478,487</b>	426,995
	<b>1,857,444</b>	2,338,526

### 15 BORROWINGS

	<b>As at</b>	
	<b>30 June 2021 S\$ (unaudited)</b>	31 December 2020 S\$ (audited)
<b>Non-current</b>		
Bank borrowings (secured) <i>(Note (a))</i>	<b>975,106</b>	1,267,638
<b>Current</b>		
Bank borrowings (secured) <i>(Note (a))</i>	<b>585,064</b>	585,064
Total borrowings	<b>1,560,170</b>	1,852,702

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 15 BORROWINGS (CONTINUED)

### (a) Term loan

The term loan is denominated in S\$, bears interest at 1.50% to 2.58% (31 December 2020: 2.58%). The bank borrowings of S\$1,560,170 (31 December 2020: S\$1,852,702) 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 2021 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 2020: same).

	As at	
	30 June 2021 S\$ (unaudited)	31 December 2020 S\$ (audited)
Within 1 year	585,064	585,064
Between 1 and 2 years	585,064	585,064
Between 2 and 5 years	390,042	682,574
	<b>1,560,170</b>	1,852,702

# 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 2020 (audited) and 30 June 2021 (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 2020 (audited) and 30 June 2021 (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 2020	19,853,646	2,000,000	–	21,853,646
Currency translation differences arising from consolidation	–	–	(213,693)	(213,693)
At 31 December 2020 (audited) and 1 January 2021 (unaudited)	19,853,646	2,000,000	(213,693)	21,639,953
Currency translation differences arising from consolidation	–	–	19,367	19,367
At 30 June 2021 (unaudited)	19,853,646	2,000,000	(194,326)	21,659,320

## 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 2020: nil).

## 19 COMMITMENTS

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: 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\$1,282,557 (31 December 2020: S\$726,410) as at 30 June 2021.

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$230,000 (31 December 2020: S\$270,000) as at 30 June 2021.

## 21 SUBSEQUENT EVENTS

There were no material subsequent events undertaken by the Company or the Group after 30 June 2021 and up to the date of this report.