BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1987)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Beng Soon Machinery Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020 ("**FY2020**") together with the relevant comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Note	*S$*	*S$*
Revenue	*4*	**9,835,131**	34,044,790
Cost of sales	*6*	**(16,319,968)**	(21,386,005)
Gross (loss)/profit		**(6,484,837)**	12,658,785
Other income	*5*	**1,687,680**	143,308
Other gains — net	*5*	**200,082**	109,339
Selling and distribution expenses	*6*	**(306,612)**	(243,227)
Administrative expenses	*6*	**(8,846,193)**	(8,112,619)
Operating (loss)/profit		**(13,749,880)**	4,555,586
Finance costs		**(327,669)**	(513,207)
(Loss)/profit before income tax		**(14,077,549)**	4,042,379
Income tax credit/(expense)	*7*	**2,042,714**	(808,100)
(Loss)/profit after income tax		**(12,034,835)**	3,234,279
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(215,956)**	–
Total comprehensive (loss)/income		**(12,250,791)**	3,234,279

	Note	Year ended 31 December 2020 S$	2019 S$
(Loss)/profit attributable to:			
Equity holders of the Company		**(11,992,014)**	3,234,279
Non-controlling interests		**(42,821)**	–
		(12,034,835)	3,234,279
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(12,205,707)**	3,234,279
Non-controlling interests		**(45,084)**	–
		(12,250,791)	3,234,279
(Loss)/earnings per share (expressed in S$ cent)			
Basic and diluted	*8*	**(1.20)**	0.41

CONSOLIDATED BALANCE SHEETS

		As at 31 December	
		2020	2019
	Note	***S$***	*S$*
Assets			
Non-current assets			
Property, plant and equipment		**22,227,899**	22,028,240
Intangible assets		**42,141**	–
Right-of-use assets		**8,810,905**	13,410,698
Investment property		**2,053,440**	2,097,600
Financial asset at fair value through profit or loss		**162,140**	161,809
		33,296,525	37,698,347
Current assets			
Contract related assets and costs		**5,407,796**	13,329,009
Deposits paid to customers		**37,010**	8,170
Trade receivables	*10*	**3,748,821**	6,002,270
Deposits, prepayments and other receivables	*11*	**1,553,726**	146,068
Cash and cash equivalents		**9,073,033**	14,137,800
		19,820,436	33,623,317
Total assets		**53,116,961**	71,321,664
Equity attributable to equity holders of the Company			
Share capital	*14*	**1,742,159**	1,742,159
Other reserves		**21,639,953**	21,853,646
Retained earnings		**15,915,277**	27,907,291
		39,297,389	51,503,096
Non-controlling interests		**(36,737)**	–
Total equity		**39,260,652**	51,503,096

	Note	As at 31 December 2020 S$	2019 S$
Liabilities			
Non-current liabilities			
Borrowings	*13*	**1,267,638**	1,852,701
Lease liabilities		**8,959,461**	9,342,290
Deferred income tax liabilities		**–**	2,015,522
		10,227,099	13,210,513
Current liabilities			
Trade and other payables	*12*	**2,338,526**	3,123,615
Borrowings	*13*	**585,064**	585,064
Lease liabilities		**556,272**	2,193,166
Current income tax liabilities		**149,348**	706,210
		3,629,210	6,608,055
Total liabilities		**13,856,309**	19,818,568
Total equity and liabilities		**53,116,961**	71,321,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 PO Box 1350, Clifton House, 75 Fort Street, 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.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New standards and amendments to existing standards, which are effective in 2020 and adopted by the Group

The Group has applied the following new standards and amendments to standards which are effective for the financial period beginning on or after 1 January 2020 and relevant to the Group:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
IFRS 3 (Amendments) 2020	Definition of a Business
IFRS 1 and IAS 8 (Amendments) 2020	Definition of Material

The above new standards and amendments to standards effective for the financial period beginning on or after 1 January 2020 do not have a material impact on the Group.

The Group has also elected to early adopt IFRS 16 (Amendments) "COVID-19 Related Rent Concession" retrospectively from 1 January 2020. These amendments provide lessees with practical relief during the COVID-19 pandemic and are effective for annual reporting periods beginning on or after 1 June 2020. The early adoption of this amendment to standard has no material effect on the results of operations and financial position of the Group.

(b) New standards and amendments to existing standards not yet adopted

The following new standards and amendments to existing standards have been published but are not yet effective for the year ended and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IAS 16 (Amendments)	Proceeds before intended use	1 January 2022
IAS 37 (Amendments)	Cost of Fulfilling a Contract	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contract	1 January 2023
IFRS 10 (Amendments) and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced assessment of the related impact to the Group of the above standards and amendments that are relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial positions and results of operations.

3. SEGMENT INFORMATION

The chief operating decision-maker (the "**CODM**") has been identified as the executive directors of the Group who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities are carried out in Singapore and majority of the Group's assets and liabilities are located in Singapore. Accordingly, there is no analysis by geographical basis.

Revenue are all derived from external project owners in Singapore. During the year ended 31 December 2020, there were 2 project owners (2019: 4 project owners), which individually contributed over 10% of the Group's total revenue. The revenue generated from the demolishing sites from each of these project owners during the financial year are summarise below:

	2020	2019
	S$	*S$*
Customer 1	**4,472,191**	N/A
Customer 2	**2,205,383**	N/A
Customer 3	**N/A**	6,301,971
Customer 4	**N/A**	4,862,319
Customer 5	**N/A**	4,500,808
Customer 6	**N/A**	4,041,293

The above represents revenue generated from the demolition sites of relevant project owners in which proceeds are received from project owners as net contract sum, salvage materials buyers from disposal of salvage materials and earth providers from handling earth disposal to the demolition sites.

In terms of proceeds from salvage materials buyers, proceeds from 1 salvage materials buyer (2019: 1 salvage materials buyer) contributed over 10% of the Group's revenue during the year ended 31 December 2020. The proceeds received/receivable from each of this salvage material buyer are summarised below:

	2020	2019
	S$	*S$*
Salvage material buyer 1	**6,100,178**	7,061,817

4. REVENUE

	2020	2019
	S$	*S$*
Revenue from contracts with customers	**9,372,663**	33,068,536
Others	**462,468**	976,254
Total revenue	**9,835,131**	34,044,790

5. OTHER INCOME AND OTHER GAINS — NET

	2020	2019
	S$	*S$*
Other income:		
Interest income	**32,713**	9,405
Government grants *(Note a)*	**1,619,976**	118,273
Rental income from investment property	**25,400**	15,400
Miscellaneous income	**9,591**	230
Total other income	**1,687,680**	143,308
Other gains:		
Gain on disposals of property and equipment	**204,087**	65,449
Currency exchange (loss)/gain — net	**(8,492)**	39,327
Fair value gain on financial asset at fair value through profit or loss	**4,487**	4,563
Total other gains — net	**200,082**	109,339
Total other income and other gains — net	**1,887,762**	252,647

Note:

(a) Government grants mainly comprised Jobs Support Scheme ("**JSS**"), Foreign Worker Levy ("**FWL**") rebates, Property tax rebates ("**PTR**") granted to the Group by the Singapore authorities.

	2020	2019
	S$	*S$*
Jobs Support Scheme ("**JSS**")	**976,381**	–
Foreign Worker Levy rebates ("**FWL**")	**349,565**	–
Property tax rebates ("**PTR**")	**26,370**	–
Others	**267,660**	118,273
	1,619,976	118,273

JSS

JSS was introduced by the Singapore Government in February 2020 to provide relief and assistance to companies amidst the outbreak of Coronavirus ("**COVID-19**"), with the aim of helping businesses retain their local employees during this period of uncertainty. Under JSS, certain of the Group's subsidiaries (as eligible employers) would receive government grant up to 75% of the gross monthly wage of each local employee (Singapore Citizens and Permanent Residents), subject to a monthly wage cap of S$4,600 per employee. The JSS is intended to provide companies support on wages incurred for the month of April 2020 to March 2021. For the year ended 31 December 2020, the Group recognised JSS grant of S$976,381 (2019: Nil).

FWL

Another scheme to aid companies through the outbreak of the COVID-19 was the waiver of FWL to help firms cut costs and improve their cashflow. For the year ended 31 December 2020, the Group recognised FWL rebate of S$349,565 (2019: Nil).

PTR

Property tax rebates relate to remission given by the Singapore Government to qualifying non-residential properties for the period from 1 January to 31 December 2020 in response to COVID-19 pandemic. The benefit is transferred on by the lessors to the Company.

6. EXPENSES BY NATURE

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

	2020	2019
	S$	*S$*
Sub-contractor charges	**3,576,471**	6,546,754
Transportation expenses	**699,519**	1,391,918
Maintenance expenses	**1,027,103**	925,893
Insurance expenses	**172,553**	154,214
Raw materials, consumables and other overheads	**3,975,988**	5,166,913
Employee benefits expenses, including directors' emoluments	**7,185,812**	7,254,300
Depreciation	**4,958,855**	4,860,660
Amortisation of intangible assets	**1,624**	–
Legal and professional fees	**1,901,870**	70,410
Provision for doubtful debt	**5,186**	155,049
Auditors' remuneration		
— Audit services	**158,365**	274,790
— Non-audit services (including listing expenses)	**1,296**	318,710
Expenses relating to short-term leases	**205,724**	115,170
Listing expenses	**–**	1,399,524
Motor vehicle expenses	**81,080**	121,309
Utility expenses	**138,797**	158,657
Others *(note)*	**1,382,530**	827,580
Total cost of sales, selling and distributions expenses and administrative expenses	**25,472,773**	29,741,851

Note: Others included marketing and distribution expenses, registration fee, secretarial fee and other miscellaneous expenses, etc.

7. INCOME TAXES

Singapore income tax has been provided for at the rate of 17% (2019: 17%) on the estimated assessable profit for the year ended 31 December 2020.

Income tax (credit)/expense

The amount of income tax (credit)/expense charged to the consolidated statement of comprehensive income represents:

	2020	2019
	S$	*S$*
Current income tax		
— Singapore	**(27,192)**	679,409
Deferred income tax		
— Singapore	**(2,015,522)**	128,691
Income tax (credit)/expense	**(2,042,714)**	808,100

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

	2020	2019
	S$	*S$*
(Loss)/profit before income tax	**(14,077,549)**	4,042,379
Tax calculated at a tax rate of 17%	**(2,393,183)**	687,204
Expenses not deductible for tax purposes	**558,812**	506,219
Income not subject to tax	**(213,528)**	(34,309)
Tax incentives *(Note (i))*	**–**	(242,250)
Statutory stepped income exemption and tax rebate *(Note (ii))*	**–**	(32,425)
Tax loss of which no deferred tax recognised	**32,377**	–
Overprovision in prior year	**(27,192)**	(76,339)
Income tax (credit)/expense	**(2,042,714)**	808,100

Notes:

(i) Tax incentives are mainly enhanced deductions and allowances claimed under the Investment Allowances Scheme administered by Building & Construction Authority of Singapore. Under the scheme, the Group is entitled to claim an additional 50% tax allowances for qualifying construction, productive equipment and machinery.

(ii) No Singapore statutory stepped income exemption relates to partial tax exemption (2019: S$17,425) and corporate income tax rebate (2019: S$15,000) was granted by the Inland Revenue Authority of Singapore ("**IRAS**") for the year ended 31 December 2020.

8. (LOSS)/EARNINGS PER SHARE

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

	2020	2019
(Loss)/profit attributable to equity holders of the Company (S$)	**(11,992,014)**	3,234,279
Weighted average number of shares in issue *(Note (i))*	**1,000,000,000**	786,986,301
Basic (loss)/earnings per share (S$ cent)	**(1.20)**	0.41

For the year ended 31 December 2020, diluted loss per share is equal to basic loss per share as there was no dilutive potential share outstanding (2019: same).

Note (i):

The weighted average of 786,986,301 ordinary shares used in the calculation of basic earnings per share for the year ended 31 December 2019 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.

9. DIVIDEND

No dividends had been paid or declared by the Company for the year ended 31 December 2020 (2019: nil).

10. TRADE RECEIVABLES

	2020	2019
	S$	*S$*
Trade receivables from third parties	**3,738,620**	5,952,601
Less: allowance for impairment of trade receivables	**(270,234)**	(265,049)
	3,468,386	5,687,552
Retentions	**280,435**	314,718
	3,748,821	6,002,270

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

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

	2020	2019
	S$	*S$*
Below 30 days	**1,859,325**	3,680,017
31–60 days	**706,932**	379,709
61–90 days	**19,490**	81,502
91–120 days	**440**	551,382
Over 120 days	**1,162,634**	1,309,660
	3,748,821	6,002,270

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	S$	*S$*
Other receivables	**5,749**	32,958
Government grant receivable	**251,282**	–
Deposits paid to third parties *(note)*	**863,654**	28,730
Staff loans	**22,032**	30,060
Prepayments	**411,059**	54,320
	1,553,776	146,068

Note: The deposits paid represented mainly a purchase deposit of S$860,000 paid to a third party agent during the year for potential purchase of sand for trading business. Subsequent to year end, the Group has terminated the arrangement with the agent and the purchase deposit has been refunded.

12. TRADE AND OTHER PAYABLES

	2020	2019
	S$	*S$*
Trade payables	**1,032,330**	2,188,582
Accrued expenses	**715,011**	855,373
Other payables	**591,185**	79,660
	2,338,526	3,123,615

The aging analysis of the trade payables, based on invoice date, is as follows:

	2020	2019
	S$	*S$*
Up to 30 days	**307,239**	1,474,655
31–60 days	**612,166**	605,302
61–90 days	**112,770**	102,524
91–120 days	**155**	1,682
Over 120 days	**–**	4,419
	1,032,330	2,188,582

13. BORROWINGS

	2020	2019
	S$	*S$*
Non-current		
Bank borrowings (secured) *(Note (a))*	**1,267,638**	1,852,701
Current		
Bank borrowings (secured) *(Note (a))*	**585,064**	585,064
Total borrowings	**1,852,702**	2,437,765

Note:

(a) Term loan

The term loan is denominated in S$, bears interest at 2.58% (2019: 2.58%). The bank borrowings of S$1,852,702 (2019: S$2,437,765) 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 at 31 December 2020 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 (2019: same).

	2020	2019
	S$	*S$*
Within 1 year	**585,064**	585,064
Between 1 and 2 years	**585,064**	585,064
Between 2 and 5 years	**682,574**	1,267,637
	1,852,702	2,437,765

14. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Authorised: Ordinary shares at HK$0.01 each		
As at 31 December 2019 and 2020	10,000,000,000	100,000,000

	Number of Shares	Share capital *S$*
Issued and fully paid:		
As at 1 January 2019	10,000	17
Issuance of shares pursuant to capitalisation	749,990,000	1,306,602
Issuance of shares by public offering *(Note (a))*	250,000,000	435,540
As at 31 December 2019 and 2020	1,000,000,000	1,742,159

Note:

(a) On 8 November 2019, the Company issued 250,000,000 ordinary shares of HK$0.01 each at a price of HK$0.50 per share pursuant to the initial public offering and listing of the Company's shares on the Main Board.

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 27 years in both the public and private sectors. The Group is primarily focuses on 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 machineries. The shares of the Company (the "**Shares**") have been successfully listed on the Main Board of the Stock Exchange since the Listing Date. The Listing 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.

During FY2020, the Group's total revenue decreased by S$24.2 million or 71.1% from the year ended 31 December 2019 ("**FY2019**") to approximately S$9.8 million. The decrease was mainly attributable to the significant negative impact of the outbreak of COVID-19 and the Singapore Government's implementation of the Circuit Breaker Measures and prescribed safeguards and approvals required by the Building and Construction Authority ("**BCA**") for resumption of construction, which significantly disrupted the Group's operations and resulted in the delay or suspension of the Group's projects. Further, the price plummet of salvage materials due to its diminished demand as a result of the adverse market conditions during FY2020 also affected the Group's financial results. Even though the Group was allowed to re-commence its operations from June 2020, progress has been slow as the Group had to comply with various safeguard measures imposed by the BCA for each project's resumption. As a result, the Group recorded a significant drop in revenue in FY2020.

OUTLOOK AND PROSPECTS

The COVID-19 pandemic has caused the collapse of the global economy and Singapore has not been spared. According to the Singapore Ministry of Trade and Industry, Singapore's GDP shrank by 5.4% during 2020. Singapore's construction sector shrank by 28.5% on a year-on-year basis in the fourth quarter of 2020 and exhibited improvement from a contraction of 46.2% in the preceding third quarter. The improved performance of the construction sector in the fourth quarter of 2020 was mainly due to the resumption of more construction activities in the fourth quarter of 2020.

Although the BCA expects construction demand to make a moderate recovery in 2021, largely supported by public sector demand driven by major public housing and infrastructure projects, we expect the current financial year for 2021 to be a challenging one for the Group. Activity levels at construction worksites will continue to be dampened by the requirement for safe management measures, which in turn will affect the recovery rate of the demand for demolition services. We are optimistic that the demand for demolition services will make a gradual recovery in 2021 and are committed to expanding our services in the public sector, which is expected to drive the bulk of the construction sector's recovery.

In the aftermath of postponement in contract awards and deferment projects, the Group has been exploring leveraging other business opportunities. In the fourth quarter of 2020, Beyond Elite Investments, a wholly owned subsidiary of the Group entered into a joint venture with an independent third party to develop a global online e-commerce jewellery business, employing a tight supply chain from initial design to final production. The global jewellery market is steadily climbing in value each year. According to a Grand View Research report, the market is expected to grow at a compound annual growth rate (CAGR) of 8.1%, reaching USD480.5 billion in value by 2025. The Group believes that its venture into this new business sector will help grow its business and maximize returns to its shareholders.

FINANCIAL REVIEW

Revenue

During FY2020, the revenue of the Group was mainly derived from the provision of demolition and related value-added services to the Group's project owners (the "**Contract Revenue**"). The Contract Revenue comprised 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 salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at the demolition sites for landfilling purpose. During FY2020, the Group's total revenue decreased significantly by approximately S$24.2 million or 71.1% from FY2019 to approximately S$9.8 million. The decrease was due to the significant negative impact of the outbreak of COVID-19 and the Singapore Government's implementation of the Circuit Breaker Measures and prescribed safeguards and approvals required by the BCA for resumption of construction, which significantly disrupted the Group's operations and resulted in the delay or suspension of the Group's projects. Further, the price plummet of salvage materials due to its diminished demand as a result of the adverse market conditions during the year also affected the Group's financial results. The Group completed 13 demolition projects during FY2020 compared to 17 projects during FY2019, which had a significant impact on the net contract sum and proceeds from disposal of salvage materials during FY2020.

The following table sets forth the breakdown of revenue by source for FY2020 and FY2019 respectively:

	FY 2020 ***S$'000***	FY 2019 *S$'000*
Net Contract Sum	**(941)**	15,972
Proceeds from Disposal of Salvage Materials	**9,595**	15,697
Earth Depositing Proceeds	**718**	1,400
Other Revenue	**463**	976
	9,835	34,045

Cost of sales

The Group's cost of sales for FY2020 amounted to approximately S$16.3 million, representing a decrease of S$5.1 million from approximately S$21.4 million in FY2019. The cost of sales mainly comprised of (i) direct labour costs; (ii) depreciation of the Group's machinery and equipment; (iii) raw materials, consumables and other overheads; and (iv) subcontractor charges. The decrease in the cost of sales of the Group in FY2020 was mainly due to a decrease in sub-contractor charges of approximately S$3.0 million and raw materials of S$ 1.1 million, due to the scale-down of the number of projects that could progress and be completed during FY2020 due to the impact of the outbreak of COVID-19 and the Circuit Breaker Measures.

Gross (loss)/profit and gross (loss)/profit margin

The Group's gross profit decreased by S$19.1 million or 151.2%, from approximately S$12.7 million for FY2019 to a gross loss of approximately S$6.5 million for FY2020. The Group's gross margin was approximately -65.9% and 37.2% for FY2020 and FY2019 respectively. The decrease in the Group's gross margin was mainly due to the Circuit Breaker Measures and prescribed safeguards and approvals required by the BCA for resumption of construction, which significantly disrupted the progress of the projects undertaken by the Group, and significant idle costs incurred for site suspension during the lockdown period in Singapore. Revenue for FY2020 was mainly recognised and derived from projects awarded in FY2019, which involved the demolition of residential and factory buildings, which produced comparatively less salvage material of high economic value.

Administrative expenses

The Group's administrative expenses for FY2020 amounted to approximately S$8.8 million, representing an increase of S$0.7 million from approximately S$8.1 million in FY2019. The administrative expenses primarily consisted of (i) staff costs; (ii) depreciation costs in respect of the Group's property, office equipment and motor vehicles; and (iii) legal and professional fees. The increase in FY2020 was mainly attributable to the increase of legal and professional fees of approximately S$1.8 million partially offset by a decrease in one-off listing expenses of approximately S$1.4 million.

Other income

During FY2020, the Group's other income amounted to S$1.7 million representing an increase of S$1.5 million from approximately S$0.1 million in FY2019. The increase primarily resulted from an increase of S$1.6 million in government grants comprised of Jobs Support Scheme, Foreign Worker Levy rebates and property tax rebates granted to the Group by the Singapore authorities.

Finance costs

During FY2020, finance costs incurred by the Group was S$0.3 million, representing a decrease of S$0.2 million from approximately S$0.5 million during FY2019. The decrease was mainly due to a decrease in interest expenses on bank borrowing and lease liabilities.

Income tax expenses

During FY2020, income tax credit recognised was approximately S$2.0 million, representing a decrease of S$2.8 million from income tax expenses of approximately S$0.8 in FY2019. The reduction resulted from a significant decrease in profit before income tax of S$18.1 million to a loss before income tax of S$14.1 million during FY2020, which the respective deferred tax credit has been recognised and accordingly reduced the income tax expenses of the Group.

(Loss)/profit attributable to the owners of the Company

As a result of the foregoing, (loss)/profit attributable to equity holders of the Company decreased by approximately S$15.2 million or 470.8% to a loss of approximately S$12.0 million for FY2020, compared with a profit of approximately S$3.2 million for FY2019. Basic earning per share for FY2020 decreased to a loss per share of S$1.20 cents as compared to earnings per share of S$0.41 cents for FY2019.

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 lease liabilities, net of bank deposits, bank balances, cash and equity attributable to the owners 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 31 December 2020, the Group had net current assets of approximately S$16.2 million as compared to S$27.0 million as at 31 December 2019, representing a decrease of approximately S$10.8 million or 40.0%. The decrease was mainly attributable to a significant decrease in cash and cash equivalents and contract related assets and costs. As at 31 December 2020, the Group had cash and cash equivalents of approximately S$9.1 million as compared to S$14.1 million as at 31 December 2019. During FY2020, the cash was used primarily for capital expenditures on machinery and equipment, payment to the employees, suppliers, and subcontractors of the Company. The decrease of cash and cash equivalents as at 31 December 2020 was due to cash outflows for fixed costs despite the disruptions to the Group's operations due to the Circuit Breaker Measures. The Board considers the level of cash balances reasonable and would enable the Company to take on suitable business opportunities in a very competitive and efficient manner.

As at 31 December 2020, the Group's total equity attributable to owners of the Company amounted to approximately S$39.3 million as compared to S$51.5 million as at 31 December 2019, and the Group's total debt amounted to approximately S$11.4 million as compared to approximately S$14.0 million as at 31 December 2019. 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 (calculated by dividing the obligations under borrowings and lease liabilities by total equity and then multiplied by 100%) increased slightly from 27.2% as at 31 December 2019 to 29.0% as at 31 December 2020. This resulted from a substantial decrease in retained earnings of S$12.0 million offset by a decrease in bank borrowings and lease liabilities.

Treasury policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's bank borrowings are all denominated in S$ and have been arranged on a floating-rate basis. It is the Group'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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020,

a. the total amount of the issued share capital of the Company was HK$10,000,000, divided into 1,000,000,000 shares of HK$0.01 per share. There were no movements in the Company's share capital during FY2020.

b. the leasehold land and building of the Group with carrying amounts of approximately S$5.9 million and S$6.3 million were mortgaged to licensed banks as security for credit facilities granted to the Group for FY2020 and FY2019 respectively.

c. the Group had bank borrowings and lease liabilities of approximately S$1.9 million (FY2019: S$2.4 million) and S$9.5 million (FY2019: S$11.5 million) respectively. All of the lease liabilities and bank borrowings were denominated in S$ or US$.

d. the Group's total equity attributable to equity holders of the Company amounted to approximately S$51.5 million as at 31 December 2019 as compared to S$39.3 million as at 31 December 2020. The capital of the Company mainly comprises share capital and reserves.

DIVIDEND

The Directors do not recommend the payment of final dividend in respect of FY2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this announcement, the Group did not have plans for material acquisitions or disposals of subsidiaries or associates during FY2020.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have capital commitments for the purchase of property, plant and equipment (2019: Nil).

CHARGE OF THE GROUP'S ASSETS

As at 31 December 2020, the leasehold land and building of the Group with carrying amounts of approximately S$5.9 million (2019: S$6.3 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have specific plans for material investments or capital assets in the coming year as at 31 December 2020.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no significant contingent liabilities or outstanding litigation (2019: none).

FOREIGN CURRENCY EXPOSURE

The Group operates in Singapore and most of its income and expenditures are denominated in Singapore Dollar ("**S$**"), being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables and premium financing loan denominated in the United States dollar ("**USD**") and Hong Kong dollar ("**HK$**"). As at 31 December 2020, should S$ be strengthened/weakened by 4% against those currencies, with all other variables held constant, the impact on the Group's post tax loss and the equity would have been approximately S$43,000 (2019: S$20,000) lower/higher for the year ended 31 December 2020 as a result of foreign exchange losses/gain.

EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent events undertaken by the Company or the Group after 31 December 2020 and up to the date of this announcement.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total of 111 employees, 19 less than the same time in 2019. This was a result of fewer new hires compared to resignations and terminations effected by the Company during FY2020. 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 in 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.

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 as at 31 December 2020:

Use of Net Proceeds	**Intended amount of use of proceeds**	**Approximate Unused Net Proceeds as at 31 December 2019**	**Approximate Amount of Net Proceeds utilised during FY2020**	**Approximate Unused Net Proceeds as at 31 December 2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Enhancing the machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	51,200	34,400	2,605	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	13,500	–	–	–
Expanding the labour force by recruiting additional staff, including project management and project execution staff	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	2,200	2,200	–	2,200
Group's general working capital	1,500	1,500	1,500	–

As at 31 December 2020, 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; and
- recruitment of new staff.

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.

The principal terms of the Share Option Scheme are summarized in Appendix V to the Prospectus. Subject to the provisions of the Share Option Scheme, the Board may grant options at any time from time to time within a period of ten years from the Adoption Date. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Limit**"), unless approved by its Shareholders pursuant to the paragraph below.

The Company may seek separate approval of the Shareholders in a general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as of the date of the approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The total number of Shares issued and to be issued upon exercise of options granted to any Eligible Persons (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in any issue.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at 31 December 2020.

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

During FY2020, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries.

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 FY2020.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Company's shareholders (the "**Shareholders**") and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG code**") contained in Appendix 14 to the Listing Rules.

To the best of the knowledge of the Board, the Company has complied with the CG code during the FY2020 with the exception from code provision A.2.1 as explained below. The Board will periodically review on 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.

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 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, our Board believes it is in the best interests of our 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 ("**INED**") 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.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG code. The Audit Committee consists of three INEDs, 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 Audit Committee has reviewed the preliminary results announcement and the consolidated financial statements of the Company for the year ended 31 December 2020. The Audit Committee has also reviewed the effectiveness of the internal control system of the Group and considered the system to be effective and adequate.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's independent auditor, PricewaterhouseCoopers, Certified Public Accountants of Hong Kong ("**PricewaterhouseCoopers**") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently, no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Friday, 28 May 2021 at 2 p.m. at 21 Tuas South Street 7, Singapore 63711 for the purpose of determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both day inclusive, during which period no transfer of shares of the Company (the "**Shares**") will be registered. In order to qualify for attending the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Monday, 24 May 2021.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This annual results announcement is published on the websites of the Company (www.bsm.com.sg) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for FY2020 will be despatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
BENG SOON MACHINERY HOLDINGS LIMITED
TAN CHEE BENG
Chairman and Chief Executive Officer

Hong Kong, 30 March 2021

As at the date of this announcement, the Company's Board of Directors comprises the following members: (a) Mr. Tan Chee Beng (who is also the Chairman and Chief Executive Officer of the Company), Mr. Tan Wei Leong, Ms. Tang Ling Ling and Mr. Wang Dongfeng as Executive Directors; (b) Mr. Cheung Kam Fai as Non-executive Director; and (c) Mr. Wee Chorng Kien, Mr. Leung Kee Wai and Mr. Leung Yau Wan John as Independent Non-executive Directors.