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 2021

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 2021 ("**FY2021**") together with the relevant comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

		Year ended 31 December	
		2021	2020
	Note	***S$***	*S$*
Revenue	*4*	**26,737,409**	9,835,131
Cost of sales	*6*	**(19,668,022)**	(16,319,968)
Gross profit/(loss)		**7,069,387**	(6,484,837)
Other income	*5*	**564,301**	1,687,680
Other gains — net	*5*	**254,900**	200,082
Selling and distribution expenses	*6*	**(209,141)**	(306,612)
Administrative expenses	*6*	**(7,363,451)**	(8,841,007)
Impairment losses on trade receivables		**–**	(5,186)
Operating profit/(loss)		**315,996**	(13,749,880)
Finance costs		**(283,693)**	(327,669)
Profit/(loss) before income tax		**32,303**	(14,077,549)
Income tax expense	*7*	**–**	2,042,714
Profit/(loss) after income tax		**32,303**	(12,034,835)

	Note	Year ended 31 December 2021 S$	2020 S$
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**20,579**	(215,956)
Total comprehensive income/(loss)		**52,882**	(12,250,791)
Profit/(loss) attributable to:			
Equity holders of the Company		**189,789**	(11,992,014)
Non-controlling interests		**(157,486)**	(42,821)
		32,303	(12,034,835)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**214,338**	(12,205,707)
Non-controlling interests		**(161,456)**	(45,084)
		52,882	(12,250,791)
Earnings/(loss) per share (expressed in S$ cent)			
Basic and diluted	*8*	**0.02**	(1.20)

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

		As at 31 December	
		2021	2020
	Note	***S$***	*S$*
Assets			
Non-current assets			
Property, plant and equipment		**19,405,197**	22,227,899
Intangible assets		**32,606**	42,141
Right-of-use assets		**8,090,618**	8,810,905
Investment property		**2,009,280**	2,053,440
Financial asset at fair value through profit or loss		**170,160**	162,140
		29,707,861	33,296,525
Current assets			
Contract related assets and costs		**4,813,682**	5,407,796
Deposits paid to customers		**16,940**	37,010
Trade receivables	*10*	**6,148,362**	3,748,821
Deposits, prepayments and other receivables	*11*	**1,408,565**	1,553,776
Cash and cash equivalents		**12,276,901**	9,073,033
		24,664,450	19,820,436
Total assets		**54,372,311**	53,116,961
Equity attributable to equity holders of the Company			
Share capital	*14*	**1,742,159**	1,742,159
Other reserves		**21,664,502**	21,639,953
Retained earnings		**16,105,066**	15,915,277
		39,511,727	39,297,389
Non-controlling interests		**(198,193)**	(36,737)
Total equity		**39,313,534**	39,260,652

		As at 31 December	
		2021	2020
	Note	***S$***	*S$*
Liabilities			
Non-current liabilities			
Borrowings	*13*	**682,574**	1,267,638
Lease liabilities		**8,755,589**	8,959,461
Deferred income tax liabilities		**–**	–
		9,438,163	10,227,099
Current liabilities			
Trade and other payables	*12*	**4,361,814**	2,338,526
Borrowings	*13*	**585,064**	585,064
Lease liabilities		**673,736**	556,272
Current income tax liabilities		**–**	149,348
		5,620,614	3,629,210
Total liabilities		**15,058,777**	13,856,309
Total equity and liabilities		**54,372,311**	53,116,961

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 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.

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, amendments to existing standards, which are effective in 2021 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 2021 and relevant to the Group:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phrase 2

The above amendment to standards effective for the financial period beginning on or after 1 January 2021 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 beyond 30 June 2021" from 1 January 2021. These amendments provide lessees with practical relief during the COVID-19 pandemic. 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 that are relevant to the Group have been published but are not yet effective for the year and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IFRS 3	Business Combinations Reference to the Conceptual Framework	*1 January 2022*
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	*1 January 2022*
Amendments to IAS 37	Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts — Cost of Fulfilling a Contract	*1 January 2022*
Amendments to IAS 1	Classification of Liabilities as Current	*1 January 2023*
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies	*1 January 2023*
Amendments to IAS 8	Definition of Accounting Estimates	*1 January 2023*
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	*1 January 2023*
Amendments to IFRS	Annual Improvements to IFRS Standards 2018–2020 Cycle	*1 January 2022*

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 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.

Majority 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 2021, there were 1 project owner (2020: 2 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:

	2021	2020
	S$	*S$*
Customer 1	**3,748,355**	–
Customer 2	**–**	4,472,191
Customer 3	**–**	2,205,383

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 (2020: 1 salvage materials buyer) contributed over 10% of the Group's revenue during the year ended 31 December 2021. The proceeds received/receivable from this salvage material buyer are summarised below:

	2021	2020
	S$	*S$*
Salvage material buyer 1	**5,618,763**	6,100,178

4. REVENUE

	2021	2020
	S$	*S$*
Revenue from contracts with customers	**26,075,181**	9,372,663
Others	**662,228**	462,468
Total revenue	**26,737,409**	9,835,131

5. OTHER INCOME AND OTHER GAINS — NET

	2021	2020
	S$	*S$*
Other income:		
Interest income	**5,663**	32,713
Government grants *(Note a)*	**361,629**	1,619,976
Rental income from investment property	**24,000**	25,400
Miscellaneous income *(Note b)*	**173,009**	9,591
Total other income	**564,301**	1,687,680
Other gains:		
Gain on disposal of property plant and equipment	**256,902**	204,087
Loss on disposal of right-of-use assets	**(12,542)**	–
Currency exchange gain/(loss) — net	**6,152**	(8,492)
Fair value gain on financial asset at fair value through profit or loss	**4,388**	4,487
Total other gains — net	**254,900**	200,082
Total other income and other gains — net	**819,201**	1,887,762

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.

	2021	2020
	S$	*S$*
Jobs Support Scheme ("JSS")	**178,481**	976,381
Foreign Worker Levy rebates ("FWL")	**134,750**	349,565
Property tax rebates ("PTR")	**–**	26,370
Others	**48,398**	267,660
	361,629	1,619,976

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 June 2021. For the year ended 31 December 2021, the Group recognised JSS grant of S$178,481 (2020: S$976,381).

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 2021, the Group recognised FWL rebate of S$134,750 (2020: S$349,565).

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.

(b) Miscellaneous income mainly represented the refund of agency commission fee from the third party.

6. EXPENSES BY NATURE

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

	2021	2020
	S$	*S$*
Sub-contractor charges	**4,120,797**	3,576,471
Transportation expenses	**255,674**	699,519
Maintenance expenses	**686,113**	1,027,103
Insurance expenses	**195,839**	172,553
Raw materials, consumables and other overheads	**7,372,563**	3,975,988
Employee benefits expenses, including directors' emoluments	**7,046,116**	7,185,812
Depreciation	**4,688,881**	4,958,855
Amortisation of intangible assets	**9,535**	1,624
Legal and professional fees	**943,291**	1,901,870
Provision for doubtful debt	**–**	5,186
Auditors' remuneration		
— Audit services	**178,370**	158,365
— Non-audit services (including listing expenses)	**–**	1,296
Expenses relating to short-term leases	**779,480**	205,724
Motor vehicle expenses	**82,116**	81,080
Utility expenses	**85,988**	138,797
Others *(Note)*	**795,851**	1,382,530
Total cost of sales, selling and distributions expenses and administrative expenses	**27,240,614**	25,472,773

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% (2020: 17%) on the estimated assessable profit for the year ended 31 December 2021.

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2021	2020
	S$	*S$*
Current income tax		
— Singapore	**–**	(27,192)
Deferred income tax		
— Singapore	**–**	(2,015,522)
Income tax credit	**–**	(2,042,714)

8. EARNINGS/(LOSS) PER SHARE

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

	2021	2020
	S$	*S$*
Profit/(loss) attributable to equity holders of the Company (*S$*)	**189,789**	(11,992,014)
Weighted average number of shares in issue	**1,000,000,000**	1,000,000,000
Basic earnings/(loss) per share (*S$* cent)	**0.02**	(1.20)

For the year ended 31 December 2021, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (2020: same).

9. DIVIDEND

No dividends had been paid or declared by the Company for the year ended 31 December 2021 (2020: nil).

10. TRADE RECEIVABLES

	2021	2020
	S$	*S$*
Trade receivables from third parties	**5,691,158**	3,738,620
Less: allowance for impairment of trade receivables	**(270,234)**	(270,234)
	5,420,924	3,468,386
Retentions	**727,438**	280,435
	6,148,362	3,748,821

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, are as follows:

	2021	2020
	S$	*S$*
Below 30 days	**3,799,070**	1,859,325
31–60 days	**1,866,420**	706,932
61–90 days	**18,746**	19,490
91–120 days	**–**	440
Over 120 days	**464,126**	1,162,634
	6,148,362	3,748,821

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	S$	*S$*
Other receivables	**27,313**	5,749
Government grant receivable	**–**	251,282
Deposits paid to third parties *(Note)*	**1,209,698**	863,654
Staff loans	**18,536**	22,032
Prepayments	**153,018**	411,059
	1,408,565	1,553,776

Note:

In 2021, security secured deposit of $1,100,000 was placed with the bank for the obligation under a demolition contract with customers due to insufficient banker guarantee line. The amount will be refunded upon the activation of the new credit facilities.

In 2020, purchase deposit of S$860,000 paid to a third party agent for potential purchase of sand for trading business. The Group has terminated the arrangement with the agent and the purchase deposit has been refunded.

12. TRADE AND OTHER PAYABLES

	2021	2020
	S$	*S$*
Trade payables	**2,264,421**	1,032,330
Accrued expenses	**838,823**	715,011
Other payables	**1,258,570**	591,185
	4,361,814	2,338,526

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

	2021	2020
	S$	*S$*
Up to 30 days	**1,326,648**	307,239
31–60 days	**885,258**	612,166
61–90 days	**52,515**	112,770
91–120 days	**–**	155
	2,264,421	1,032,330

13. BORROWINGS

	2021	2020
	S$	*S$*
Non-current		
Bank borrowings (secured) *(Note)*	**682,574**	1,267,638
Current		
Bank borrowings (secured) *(Note)*	**585,064**	585,064
Total borrowings	**1,267,638**	1,852,702

Note:

Term loan

The term loan is denominated in S$, bears interest at 1.5% per annum (2020: 2.58%). The bank borrowings of S$1,267,638 (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 at 31 December 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 (2020: same).

	2021	2020
	S$	*S$*
Within 1 year	**585,064**	585,064
Between 1 and 2 years	**585,064**	585,064
Between 2 and 5 years	**97,510**	682,574
	1,267,638	1,852,702

14. SHARE CAPITAL

The movements of the share capital are as follow:

	Number of shares	**Share capital**
		HK$
Authorised:		
Ordinary shares at HK$0.01 each		
As at 31 December 2020 and 2021	10,000,000,000	100,000,000

	Number of Shares	**Share capital**
		S$
Issued and fully paid:		
As at 1 January 2020, 31 December 2020 and 2021	1,000,000,000	1,742,159

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. The Group is principally engaged in 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 Stock Exchange since the Listing Date. The Listing has not only benefited the Group with easier access to capital and fund raising, but also implicated the recognition of the Group's leading position in the demolition services industry, and has enhanced the Group's visibility and prestige.

During FY2021, the Group's total revenue increased by S$16.9 million or 171.9% from the year ended 31 December 2020 ("**FY2020**") to approximately S$26.7 million in FY2021. The increase was underpinned by higher contract revenue generated in tandem with the number of sizeable projects undertaken, which also drove the need for salvage materials disposal. The Group has turned around to record a gross profit margin of 26.4% in FY2021 from a gross loss position in FY2020, largely due to the Group recording a higher revenue in FY2021, whereby the disposal of high economic value salvage materials derived a relatively high gross profit margin.

Notwithstanding the extraordinary operating conditions brought about by the COVID-19 pandemic, the overall financial position of the Group remains sound and solid, and the Group is well-positioned to take advantage of any upturn in the market.

During FY2021, the Group secured 15 demolition projects for different types of buildings, including residential blocks and factory buildings in Singapore and completed 13 demolition projects (including on-going projects from FY2020). Approximately 50% of the Group's projects account for the public sector and 50% for the private sector. The Group's outstanding projects secured in FY2021 are progressing on schedule with an expected total revenue of approximately S$34.3 million.

OUTLOOK AND PROSPECTS

The COVID-19 pandemic has continued to impact 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 FY2021 was stronger than expected. The COVID-19 situation has also stabilised with the vaccination programme continuing to make good progress. Hampered by the major setback and rippling effects of the Russia-Ukraine war on the global economy, the Singapore economy is expected to see a gradual recovery in the second half of 2022, supported in large part by outward oriented sectors.

According to the Singapore Building and Construction Authority ("**BCA**"), the preliminary total construction demand for 2021 increased by 42 percent to about S$30 billion compared to the preceding year, largely driven by public housing and infrastructure projects as well as an improvement in investor sentiments. The BCA also projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S$27 billion and S$32 billion, of which the public sector is expected to contribute about 60%. This is supported by the strong pipeline of public housing projects, including those under the Home Improvement Programme, as well as healthcare developments and infrastructure work. Over the medium-term, the BCA expects the total construction demand to reach between S$25 billion and S$32 billion per year from 2023 to 2026. As the Group is predominantly engaged in construction projects in the public sector, the Directors are optimistic about sustained construction demand in 2022.

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 the potential growth of the construction industry in Singapore, the demolition industry is expected to emerge stronger than before. The demolition industry can leverage upon the business opportunities and construction demands driven by Singapore's revival of inbound tourism and the earmarking of older commercial premises for redevelopment to enhance their asset values. In addition, the Group also hopes to leverage upon the support from the construction of energy storage facilities and biopharmaceutical manufacturing plants, which are expected to drive construction demand in the private sector according to the BCA. According to the BCA's recent regulation amendments, the Group is pleased to announce that with effect from 15 March 2022, construction companies will no longer need to apply to the BCA for approval of resumption and/or commencement of works and deployment of personnel to construction worksites and supply work premises. The welcoming news is expected to help mitigate work disruptions that had affected the Group's projects during FY2021.

The Group intends to continue the existing principal businesses that provide 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 shareholders' value as well as complement and leverage existing business lines. Since September 2020, the Group has devoted resources to develop new business related to e-commerce business, of which the Directors are cautiously optimistic.

FINANCIAL REVIEW

Revenue

During FY2021, 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 FY2021, the Group's total revenue increased significantly by approximately S$16.9 million or 171.9% from FY2020 to approximately S$26.7 million in FY2021. The increase was due to the recovery of the construction market in Singapore, which resulted in the resumption of the Group's projects and operations. The Group had undertaken a number of sizeable projects, which generated significant revenue for FY2021. The newly secured projects significantly contributed to the net contract sum and proceeds from disposal of salvage materials during FY2021.

The following table sets forth the breakdown of revenue by source for FY2021 and FY2020 respectively:

	FY2021	FY2020
	S$'000	*S$'000*
Net Contract Sum	**8,308**	(941)
Proceeds from Disposal of Salvage Materials	**17,079**	9,595
Earth Depositing Proceeds	**688**	718
Other Revenue	**662**	463
	26,737	9,835

Cost of sales

The Group's cost of sales for FY2021 amounted to approximately S$19.7 million, representing an increase of S$3.3 million from approximately S$16.3 million in FY2020. 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 increase in the cost of sales of the Group in FY2021 was mainly due to an increase in project overheads of approximately S$3.4 million, brought about by an increase in sizeable projects undertaken during FY2021 followed by the progressive resumption of project activities.

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

The Group's gross profit increased by S$13.6 million or 209.0%, from a gross loss of approximately S$6.5 million for FY2020 to a gross profit of approximately S$7.1 million for FY2021. The Group's gross margin was approximately 26.4% and -65.9% for FY2021 and FY2020, respectively. The improvement in the Group's gross margin was mainly due to a large portion of revenue for FY2021 being recognised and derived from sizable projects with relatively high cumulative gross profit margins. The demolition projects in relation to chemical plants produced comparatively more salvage materials of high economic value. Thus, the Group derived a relatively high gross profit margin from such projects during FY2021.

Administrative expenses

The Group's administrative expenses for FY2021 amounted to approximately S$7.4 million, representing a decrease of S$1.5 million from approximately S$8.8 million in FY2020. 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 decrease in FY2021 was mainly attributable to the decrease in legal and professional fees of approximately S$1.2 million in FY2020.

Other income

During FY2021, the Group's other income amounted to S$0.6 million representing a decrease of S$1.1 million from approximately S$1.7 million in FY2020. The decrease primarily resulted from a decrease of S$1.3 million in government grants comprised of Jobs Support Scheme rebates, Foreign Worker Levy rebates and property tax rebates granted to the Group by the Singapore authorities.

Finance costs

During FY2021, finance costs incurred by the Group was S$0.3 million, representing no major change as compared to FY2020.

Income tax expenses

During FY2021, there were no income tax expenses incurred due to the utilisation of business losses brought forward to net off with the chargeable income. There was an income tax credit of approximately S$2.0 million in FY2020, mainly due to the loss before income tax of S$14.1 million, the deferred tax credit of which was recognised and had accordingly reduced the income tax expenses of the Group in FY2020.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to equity holders of the Company increased by approximately S$12.2 million or 101.6% to a profit of approximately S$0.2 million for FY2021, compared with a loss of approximately S$12.0 million for FY2020. Basic earnings per share for FY2021 increased to earnings per share of S$0.02 cents as compared to loss per share of S$1.22 cents for FY2020.

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 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 2021, the Group had net current assets of approximately S$19.04 million as compared to S$16.2 million as at 31 December 2020, representing an increase of approximately S$2.9 million or 17.6%. The increase was mainly due to the increase in cash and cash equivalents and trade receivables, partially offset by the increase in trade payables. As at 31 December 2021, the Group had cash and cash equivalents of approximately S$12.3 million as compared to S$9.1 million as at 31 December 2020. During FY2021, the cash was used primarily for payment of lease liabilities and borrowings of the Group. The increase of cash and cash equivalents as at 31 December 2021 was due to cash generated from operating activities. 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 2021,

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 FY2021.

b. the leasehold land and building of the Group with carrying amounts of approximately S$5.5 million and S$5.9 million were mortgaged to licensed banks as security for credit facilities granted to the Group for FY2021 and FY2020 respectively.

c. the Group had bank borrowings and lease liabilities of approximately S$1.3 million (FY2020: S$1.9 million) and S$9.4 million (FY2020: S$9.5 million) respectively. All of the lease liabilities and bank borrowings were denominated in S$ or US$.

d. the Group's total equity attributable to equity holders of the Company amounted to approximately S$39.5 million as compared to S$39.3 million as at 31 December 2020. The capital of the Company mainly comprises share capital and reserves.

Gearing ratio

The gearing ratio (calculated by dividing the obligations under borrowings and lease liabilities by total equity and then multiplied by 100%) decreased slightly from 29.0% as at 31 December 2020 to 27.2% as at 31 December 2021. This resulted from a decrease in bank borrowings and also improved in equity.

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.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities or outstanding litigation (2020: none).

Capital commitment

As at 31 December 2021, the Group did not have capital commitments for the purchase of property, plant and equipment (2020: Nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in the Group's annual report for FY2021 (the "**2021 Annual Report**"), the Group did not have plans for material acquisitions or disposals of subsidiaries or associates during FY2021.

Future plans for material investments or capital assets

As at 31 December 2021, save as disclosed in the 2021 Annual Report, the Group did not have specific plans for material investments or capital assets in the coming year.

Significant investment held

As at 31 December 2021, save as disclosed in the 2021 Annual Report, there were no material investments held by the Group.

Charge of the Group's assets

As at 31 December 2021, the leasehold land and building of the Group with carrying amounts of approximately S$5.5 million (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 Singapore Dollar ("**S$**"), being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables and premium financing loan denominated in the United States dollar ("**USD**"), Chinese Yuan ("**CNY**") and Hong Kong dollar ("**HK$**"). As at 31 December 2021, should S$ be strengthened/weakened by 4% against those currencies, with all other variables held constant, the impact on the Group's post tax profit/(loss) and the equity would have been approximately S$177,000 (2020: S$43,000) lower/higher for the year ended 31 December 2021 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 2021 and up to the date of this announcement.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 115 employees, 4 more than the same time in 2020. This was a result of new hires by the Group during FY2021. 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 8 November 2019, the issued shares of the Company were listed on 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 of the Company.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds as at 31 December 2021:

Use of Net Proceeds	**Intended amount of use of proceeds** *HK$'000*	**Approximate Unused Net Proceeds as at 31 December 2020** *HK$'000*	**Approximate Amount of Net Proceeds utilised during FY2021** *HK$'000*	**Approximate Unused Net Proceeds as at 31 December 2021** *HK$'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	31,795	1,398	30,397
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	1,663	7,437
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	–	–	–

As at 31 December 2021, the amount of the net proceeds which remained unutilised amounted to approximately HK$40.0 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 2021.

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

During FY2021, 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 FY2021.

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 FY2021 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 five executive Directors (including Mr. Tan), 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 2021. 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 2021 as set out in this preliminary announcement have been agreed by the Group's independent auditor, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants of Hong Kong ("**McMillan Woods**") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods 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 McMillan Woods on this preliminary announcement.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Friday, 27 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Friday, 20 May 2022.

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 FY2021 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 2022

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, Mr. Cheung Kam Fai and Mr. Ngan Kin Fung as Executive Director; and (b) Mr. Wee Chorng Kien, Mr. Leung Kee Wai and Mr. Leung Yau Wan John as Independent Non-executive Directors.