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 2022

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 2022 ("**FY2022**") together with the relevant comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		Year ended 31 December	
		2022	2021
	Notes	***S$***	*S$*
Revenue	*4*	**32,737,560**	26,737,409
Cost of sales	*6*	**(23,243,310)**	(19,668,022)
Gross profit		**9,494,250**	7,069,387
Other income	*5*	**316,314**	564,301
Other gains — net	*5*	**440,292**	254,900
Selling and distribution expenses	*6*	**(192,511)**	(209,141)
Administrative expenses	*6*	**(8,649,494)**	(7,363,451)
Operating profit		**1,408,851**	315,996
Finance costs		**(278,300)**	(283,693)
Profit before income tax		**1,130,551**	32,303
Income tax	*7*	**(610,734)**	–
Profit after income tax		**519,817**	32,303

	Notes	Year ended 31 December **2022** *S$*	2021 *S$*
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**35,347**	20,579
Total comprehensive income		**555,164**	52,882
Profit attributable to:			
Equity holders of the Company		**524,728**	189,789
Non-controlling interests		**(4,911)**	(157,486)
		519,817	32,303
Total comprehensive income attributable to:			
Equity holders of the Company		**550,645**	214,338
Non-controlling interests		**4,519**	(161,456)
		555,164	52,882
Earnings per share (expressed in S$ cent)			
Basic and diluted	*8*	**0.05**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Notes	***S$***	*S$*
Assets			
Non-current assets			
Property, plant and equipment		**16,854,887**	19,405,197
Intangible assets		**22,889**	32,606
Right-of-use assets		**7,983,379**	8,090,618
Investment property		**1,965,120**	2,009,280
Financial asset at fair value through profit or loss		**178,355**	170,160
		27,004,630	29,707,861
Current assets			
Contract related assets and costs		**6,734,709**	4,813,682
Deposits paid to customers		**6,551**	16,940
Trade receivables	*10*	**2,737,329**	6,148,362
Deposits, prepayments and other receivables	*11*	**240,599**	1,408,565
Cash and cash equivalents		**17,057,563**	12,276,901
		26,776,751	24,664,450
Total assets		**53,781,381**	54,372,311
Equity attributable to equity holders of the Company			
Share capital	*14*	**1,742,159**	1,742,159
Other reserves		**21,690,419**	21,664,502
Retained earnings		**16,629,794**	16,105,066
		40,062,372	39,511,727
Non-controlling interests		**(193,674)**	(198,193)
Total equity		**39,868,698**	39,313,534

		As at 31 December	
		2022	2021
	Notes	***S$***	*S$*
Liabilities			
Non-current liabilities			
Borrowings	*13*	**97,510**	682,574
Lease liabilities		**8,305,374**	8,755,589
Deferred income tax liabilities		**610,734**	–
		9,013,618	9,438,163
Current liabilities			
Trade and other payables	*12*	**3,510,865**	4,361,814
Borrowings	*13*	**585,064**	585,064
Lease liabilities		**803,136**	673,736
		4,899,065	5,620,614
Total liabilities		**13,912,683**	15,058,777
Total equity and liabilities		**53,781,381**	54,372,311

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 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 2022 and adopted by the Group

The Group has applied the following new amendments to standards which are effective for the financial period beginning on or after 1 January 2022 and relevant to the Group:

Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 3	Business Combinations — Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IFRSs	Annual Improvements to IFRS Accounting Standards 2018–2020 Cycle

The above amendment to standards effective for the financial period beginning on or after 1 January 2022 does not have a material impact on the Group.

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

The following new 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 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 17	Insurance Contracts	*1 January 2023*
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	*1 January 2024*
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*To be determined*
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	*1 January 2024*

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.

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 2022, there was 1 project owner (2021: 1 project owner), 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:

	2022	2021
	S$	*S$*
Customer 1	**–**	3,748,355
Customer 2	**10,491,458**	–

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 2 salvage materials buyers (2021: 1 salvage materials buyer) contributed over 10% of the Group's revenue during the year ended 31 December 2022. The proceeds received/receivable from these salvage material buyers are summarised below:

	2022	2021
	S$	*S$*
Salvage material buyer 1	**10,424,831**	5,618,763
Salvage material buyer 2	**6,344,261**	–

4. REVENUE

	2022	2021
	S$	*S$*
Revenue from contracts with customers	**32,438,515**	26,075,181
Others	**299,045**	662,228
Total revenue	**32,737,560**	26,737,409

5. OTHER INCOME AND OTHER GAINS — NET

	2022	2021
	S$	*S$*
Other income:		
Interest income	**64,266**	5,663
Government grants *(Note a)*	**228,998**	361,629
Rental income from investment property	**23,032**	24,000
Miscellaneous income *(Note b)*	**18**	173,009
Total other income	**316,314**	564,301
Other gains — net:		
Gain on disposal of property plant and equipment	**428,886**	256,902
Loss on disposal of right-of-use assets	**–**	(12,542)
Currency exchange gain — net	**6,770**	6,152
Fair value gain on financial asset at fair value through profit or loss	**4,636**	4,388
Total other gains — net	**440,292**	254,900
Total other income and other gains — net	**756,606**	819,201

Notes:

(a) Government grants mainly comprised Jobs Growth Incentive ("**JGI**"), Job Support Scheme ("**JSS**") and Foreign Worker Levy ("**FWL**") rebates granted to the Group by the Singapore authorities.

	2022	2021
	S$	*S$*
Jobs Growth Incentive ("JGI")	**94,871**	10,508
Jobs Support Scheme ("JSS")	**–**	178,481
Foreign Worker Levy rebates ("FWL")	**92,850**	134,750
Others	**41,277**	37,890
	228,998	361,629

JGI

JGI is a scheme introduced by the Inland Revenue Authority of Singapore to support employers to expand local hiring from September 2020 to March 2023.

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.

FWL

Another scheme to aid companies through the outbreak of the COVID-19 was the waiver of FWL to help companies cut costs and improve their cashflow. For the year ended 31 December 2022, the Group recognised FWL rebate of S$92,850 (2021: S$134,750).

The Group do not have unfulfilled conditions and other contingencies attaching to the government grants.

(b) For the year ended 31 December 2021, 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:

	2022	2021
	S$	*S$*
Sub-contractor charges	**6,906,035**	4,120,797
Transportation expenses	**308,608**	255,674
Maintenance expenses	**1,064,259**	686,113
Insurance expenses	**258,300**	195,839
Raw materials, consumables and other overheads	**6,581,792**	7,372,563
Employee benefits expenses, including directors' emoluments	**9,681,369**	7,046,116
Depreciation	**4,480,742**	4,688,881
Amortisation of intangible assets	**9,717**	9,535
Legal and professional fees	**296,653**	943,291
Auditors' remuneration	**128,262**	178,370
Expenses relating to short-term leases	**1,363,405**	779,480
Motor vehicle expenses	**85,909**	82,116
Utility expenses	**137,928**	85,988
Others *(Note)*	**782,336**	795,851
Total cost of sales, selling and distributions expenses and administrative expenses	**32,085,315**	27,240,614

Note:

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

7. INCOME TAX

Singapore income tax has been provided for at the rate of 17% (2021: 17%) on the estimated assessable profit for the year ended 31 December 2022.

No provision for Hong Kong Profits Tax is required as the Group has no assessable profits for the years ended 31 December 2022 and 2021.

The amount of income tax charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	S$	*S$*
Current income tax		
— Singapore	**–**	–
Deferred income tax		
— Singapore	**610,734**	–
Income tax	**610,734**	–

8. EARNINGS PER SHARE

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

	2022	2021
Profit attributable to equity holders of the Company (*S$*)	**524,728**	189,789
Weighted average number of shares in issue	**1,000,000,000**	1,000,000,000
Basic earnings per share (*S$* cent)	**0.05**	0.02

For the year ended 31 December 2022, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (2021: same).

9. DIVIDENDS

No dividends had been paid or declared by the Company for the year ended 31 December 2022 (2021: Nil).

10. TRADE RECEIVABLES

	2022	2021
	S$	*S$*
Trade receivables from third parties	**2,442,904**	5,691,158
Less: allowance for impairment of trade receivables	**(270,234)**	(270,234)
	2,172,670	5,420,924
Retentions	**564,659**	727,438
	2,737,329	6,148,362

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:

	2022	2021
	S$	*S$*
Below 30 days	**2,310,903**	3,799,070
31–60 days	**320,106**	1,866,420
61–90 days	**6,687**	18,746
91–120 days	**4,538**	–
Over 120 days	**95,095**	464,126
	2,737,329	6,148,362

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	S$	*S$*
Other receivables	**71,854**	27,313
Deposits paid to third parties *(Note)*	**123,480**	1,209,698
Staff loans	**32,914**	18,536
Prepayments	**12,351**	153,018
	240,599	1,408,565

Note:

In 2021, security secured deposit of S$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 has been refunded during the year ended 31 December 2022.

12. TRADE AND OTHER PAYABLES

	2022	2021
	S$	*S$*
Trade payables	**1,572,269**	2,264,421
Accrued expenses	**909,153**	838,823
Other payables	**1,029,443**	1,258,570
	3,510,865	4,361,814

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

	2022	2021
	S$	*S$*
Up to 30 days	**888,182**	1,326,648
31–60 days	**538,122**	885,258
61–90 days	**103,572**	52,515
91–120 days	**42,393**	–
	1,572,269	2,264,421

13. BORROWINGS

	2022	2021
	S$	*S$*
Non-current		
Bank borrowings (secured) *(Note)*	**97,510**	682,574
Current		
Bank borrowings (secured) *(Note)*	**585,064**	585,064
Total borrowings	**682,574**	1,267,638

Note:

Term loan

The term loan is denominated in S$, bears interest at 1.5% per annum (2021: 1.5%). The bank borrowings of S$682,574 (2021: S$1,267,638) is secured by a first legal mortgage on the leasehold building and corporate guarantees.

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

	2022	2021
	S$	*S$*
Within 1 year	**585,064**	585,064
Between 1 and 2 years	**97,510**	585,064
Between 2 and 5 years	**–**	97,510
	682,574	1,267,638

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 2021 and 2022	10,000,000,000	100,000,000

	Number of Shares	**Share capital**
		S$
Issued and fully paid:		
As at 1 January 2021, 31 December 2021 and 2022	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 29 years in both the public and private sectors. The Group is principally engaged in the demolition of various types of buildings and structures, including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures in Singapore. To a lesser extent, the Group also leases and sells demolition machinery. 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 implicates recognition of the Group's leading position in the demolition services industry in Singapore, and has enhanced the Group's visibility and prestige.

During FY2022, the Group's total revenue increased by S$6.0 million or 22.5% from FY2021 to approximately S$32.7 million in FY2022. 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 recorded a gross profit margin of 29.0% in FY2022 from a gross profit margin of 26.4% in FY2021, largely due to the Group recording a higher revenue in FY2022, resulting from the disposal of high economic value salvage materials, which provided 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 FY2022, the Group secured 12 demolition projects for different types of buildings, including residential blocks and factory buildings in Singapore and completed 12 demolition projects (including on-going projects from FY2021). The Group's outstanding projects secured in FY2022 are progressing on schedule with an expected total revenue of approximately S$10.6 million.

OUTLOOK AND PROSPECTS

The Singapore's Ministry of Trade and Industry's ("**MTI**") has on 13 February 2023 announced that the Singapore's economy improved by 3.6 per cent in 2022. MTI estimated that the GDP growth forecast for 2023 is 0.5 to 2.5 per cent. As a result, the Singapore economy grew by 2.1 per cent on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.0 per cent expansion in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew marginally by 0.1 per cent, easing from the 0.8 per cent growth in the third quarter. The construction sector grew by 10.0 per cent year-on-year, faster than the 8.1 per cent growth in the third quarter, as both public and private sector construction output increased. As a result, on a quarter-on-quarter seasonally-adjusted basis, the industry grew by 1.4 per cent, extending the 2.1 per cent growth in the previous quarter.

The Building and Construction Authority ("**BCA**") projects the total construction demand in 2023 (i.e. the value of construction contracts to be awarded) to range between S$27 billion and S$32 billion.

The public sector is expected to contribute about 60 per cent of the total construction demand, between S$16 billion and S$19 billion. This is supported by a continued strong pipeline of public housing projects amid Housing Development Board's ramping up of Build-To-Order flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs.

Private sector construction demand is projected to be between S$11 billion and S$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

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 and leverage upon the business opportunities and constructions 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, 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 Group expects that the resilience of construction demand will be return in 2023, as most of the pandemic risk factors have been sufficiently exposed, land border was reopened in April 2022 in Singapore, and continue growing of Singapore construction industry, due to demand from the private sector is anticipated to be increased, from a reduction in the number of land parcels put up for sale in the first quarter of 2021 and industrial developer could pick up later in 2022 and 2023.

The Group intends to continue the existing principal businesses that provide demolition services in Singapore. At the same time, the Group has will also continue to expand and diversify its business by investing into new business opportunities, which can enhance shareholders value as well as complement and leverage existing business lines.

FINANCIAL REVIEW

Revenue

During FY2022, 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 for the services provided for 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 FY2022, the Group's total revenue increased by approximately S$6.0 million or 22.5% from FY2021 to approximately S$32.7 million in FY2022. The increase was mainly due to higher proceeds from disposal of salvage materials recorded from the secured contracts.

The following table sets forth the breakdown of revenue by source for FY2022 and FY2021 respectively:

	FY2022	FY2021
	S$'000	*S$'000*
Net Contract Sum	**4,009**	8,308
Proceeds from Disposal of Salvage Materials	**28,010**	17,079
Earth Depositing Proceeds	**420**	688
Other Revenue	**299**	662
	32,738	26,737

Cost of sales

The Group's cost of sales for FY2022 amounted to approximately S$23.2 million, representing an increase of S$3.6 million from approximately S$19.7 million in FY2021. 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 FY2022 was mainly due to the increase in subcontractor charges of approximately S$2.8 million and maintenance expenses of S$0.4 million as a results of the progressive project activities.

Gross profit and gross profit margin

The Group's gross profit increased by S$2.4 million or 33.8%, from a gross profit of approximately S$7.1 million for FY2021 to a gross profit of approximately S$9.5 million for FY2022. The Group's gross profit margin was approximately 29.0% and 26.4% for FY2022 and FY2021, respectively. The slight increase in the Group's gross profit margin was mainly due to higher revenue recorded from certain contract with higher gross profit margin during FY2022.

Administrative expenses

The Group's administrative expenses for FY2022 amounted to approximately S$8.6 million, representing an increase of S$1.2 million from approximately S$7.4 million in FY2021. 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 FY2022 was mainly due to the increase in number of employee and salary adjustments.

Other income

During FY2022, the Group's other income amounted to S$0.3 million representing a decrease of S$0.3 million from approximately S$0.6 million in FY2021. The decrease primarily resulted from a decrease of S$0.1 million in government grants comprised of Jobs Support Scheme, Foreign Worker Levy rebates and Jobs Growth Incentive granted to the Group by the Singapore authorities and the one-off refund of agency commission fee amounting to approximately S$0.2 million received in FY2021.

Finance costs

During FY2022, finance costs incurred by the Group was S$0.3 million, representing no major change as compared to FY2021.

Income tax

During FY2022, the Group's income tax amounted to S$0.6 million, mainly represented as deferred income tax. There were no income tax incurred during FY2021 due to the utilisation of business losses brought forward to net off with the chargeable income.

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$0.3 million or 176.5% to approximately S$0.5 million for FY2022, compared with approximately S$0.2 million for FY2021. Basic earnings per share for FY2022 increased to earnings per share of S$0.05 cents as compared to earnings per share of S$0.02 cents for FY2021.

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 2022, the Group had net current assets of approximately S$21.5 million as compared to S$19.0 million as at 31 December 2021, representing an increase of approximately S$2.5 million or 13.2%. The increase was mainly due to the increase in cash and cash equivalents, decrease in trade payables, partially offset by the decrease in trade receivables. As at 31 December 2022, the Group had cash and cash equivalents of approximately S$17.1 million as compared to S$12.3 million as at 31 December 2021. During FY2022, 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 2022 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 2022,

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 FY2022.

b. the leasehold land and building of the Group with carrying amounts of approximately S$5.1 million and S$5.5 million were mortgaged to licensed banks as security for credit facilities granted to the Group for FY2022 and FY2021 respectively.

c. the Group had bank borrowings and lease liabilities of approximately S$0.7 million (FY2021: S$1.3 million) and S$9.1 million (FY2021: S$9.4 million) respectively. All of the lease liabilities and bank borrowings were denominated in S$.

d. the Group's total equity attributable to equity holders of the Company amounted to approximately S$39.9 million as compared to S$39.3 million as at 31 December 2021. 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 from 27.2% as at 31 December 2021 to 24.6% as at 31 December 2022. This resulted from a decrease in bank borrowings and also improvement 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 fixed or mix of fixed and 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 2022, the Group had no significant contingent liabilities or outstanding litigation (2021: none).

Capital commitment

As at 31 December 2022, the Group did not have capital commitments for the purchase of property, plant and equipment (2021: Nil).

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 FY2022.

Future plans for material investments or capital assets

As at 31 December 2022, save as disclosed in this announcement, the Group did not have specific plans for material investments or capital assets in the coming year.

Significant investment held

As at 31 December 2022, save as disclosed in this announcement, there were no material investments held by the Group.

Charge of the Group's assets

As at 31 December 2022, the leasehold land and building of the Group with carrying amounts of approximately S$5.1 million (2021: S$5.5 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

Foreign currency exposure

The Group operates in Singapore and most of its income and expenditures are denominated in Singapore Dollar ("**S$**"), being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables denominated in the United States dollar, Chinese Yuan and Hong Kong dollar ("**HK$**"). As at 31 December 2022, 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 and the equity would have been approximately S$5,000 (2021: S$177,000) lower/higher for the year ended 31 December 2022 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 2022 and up to the date of this announcement.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2022, the Group had a total of 125 employees, 10 more than the same time in 2021. This was a result of new hires by the Group during FY2022. 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 2022:

Use of Net Proceeds	Intended amount of use of proceeds	Approximate Unused Net Proceeds as at 31 December 2021	Approximate Amount of Net Proceeds utilised during FY2022	Approximate Unused Net Proceeds as at 31 December 2022	Expected timeline for utilising the Unused Net Proceeds
	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	30,397	7,634	22,763	On or before end of year 2024
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	7,437	3,934	3,503	On or before end of year 2023
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	On or before end of year 2024
Group's general working capital	1,500	–	–	–	–

As at 31 December 2022, the amount of the net proceeds which remained unutilised amounted to approximately HK$28.5 million. Since 2020, COVID-19 pandemic had imposed negative impact to the overall business environment in Singapore and the correspondent strictly enforced lockdown had led to uncertain economic and market conditions. In such circumstances, the Company has taken a responsible and prudent view to implement the business strategies which lead to the delay in using the Net Proceeds. Nevertheless, the Group has endeavored to adhere to the implementation plan for the use of the Net Proceeds as disclosed in the Prospectus, and has been monitoring the market conditions in Singapore and making assessments from time to time on the right timing to utilise the Net Proceeds. Accordingly, the remaining unutilised net proceeds are expected to be fully utilised on or before 31 December 2024 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 2022.

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

During FY2022, 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 set out in Appendix 10 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 FY2022.

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 FY2022 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 2022. 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 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 forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 pm on Thursday, 25 May 2023.

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 FY2022 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, 31 March 2023

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.