S&T Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3928)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of S&T Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 31 March 2023 together with comparative figures for the corresponding period in 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2023

		Six months ended 31 March	
		2023	2022
	Note	***S$***	*S$*
		(Unaudited)	(Unaudited)
Revenue			
Services	4	**31,608,291**	30,452,505
Rental	4	**276,850**	292,400
Total revenue		**31,885,141**	30,744,905
Cost of services		**(30,098,985)**	(30,103,564)
Gross profit		**1,786,156**	641,341
Other income	5	**99,359**	549,184
Other gains and losses	6	**1,424,235**	275,947
Reversal of expected credit losses on financial assets and contract assets, net		**39,596**	324,199
Administrative expenses		**(2,767,206)**	(4,001,302)
Finance costs	7	**(554,261)**	(582,959)
Share of result of a joint venture		**(768)**	(2,267)
Profit/(loss) before taxation	8	**27,111**	(2,795,857)
Income tax	9	**253,141**	(39,298)
Profit/(loss) and total comprehensive income/(loss) for the period		**280,252**	(2,835,155)
Basic and diluted earnings/(loss) per share *(S cents)*	11	**0.06**	(0.59)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	**31 March 2023 *S$* (Unaudited)**	30 September 2022 *S$* (Audited)
Non-current assets			
Property, plant and equipment	12	**10,704,429**	13,438,698
Investment properties	13	**10,213,000**	10,213,000
Investment properties held under joint operations	13	**4,440,000**	5,945,000
Interest in a joint venture		**585,442**	586,210
Financial assets at fair value through profit or loss	24	**1,261,949**	1,258,008
Bank deposits		**506,785**	506,740
		27,711,605	31,947,656
Current assets			
Trade receivables	14	**5,868,909**	8,263,952
Other receivables, deposits and prepayments	15	**3,851,930**	2,577,211
Contract assets	16	**19,155,202**	21,692,831
Bank balances and cash		**8,804,534**	8,958,253
		37,680,575	41,492,247
Current liabilities			
Trade and other payables	17	**16,684,416**	19,013,518
Contract liabilities	16	**201,823**	17,085
Bank overdrafts	18	**4,278,739**	4,357,151
Bank borrowings	18	**4,842,826**	5,548,963
Bank borrowings held under joint operations	18	**94,143**	228,411
Lease liabilities	19	**834,506**	1,057,597
		26,936,453	30,222,725
Net current assets		**10,744,122**	11,269,522
Total assets less current liabilities		**38,455,727**	43,217,178

	Note	**31 March 2023**	30 September 2022
		S$	*S$*
		(Unaudited)	(Audited)
Non-current liabilities			
Bank borrowings	18	**5,545,378**	9,616,580
Bank borrowings held under joint operations	18	**2,412,436**	3,035,171
Lease liabilities	19	**1,221,544**	1,569,310
		9,179,358	14,221,061
Net assets		**29,276,369**	28,996,117
Capital and reserves			
Share capital	20	**847,680**	847,680
Reserves		**28,428,689**	28,148,437
		29,276,369	28,996,117

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2023

1 GENERAL

S&T Holdings Limited (the "**Company**") was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 17 September 2018. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 14 December 2018 and the principal place of business in Hong Kong is Unit B, 17/F, United Centre, 95 Queensway, Hong Kong. The principal place of business is at 16 Kian Teck Way, Singapore 628749. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 19 September 2019.

The Company is a subsidiary of HG TEC Holdings Limited ("**HG TEC**"), incorporated in the British Virgin Islands, which is also the Company's ultimate holding company. HG TEC is owned by Mr. Poon Soon Huat and Mr. Teo Teck Thye.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of construction services and property investment in Singapore.

The unaudited interim condensed consolidated financial statements are presented in Singapore dollars ("**S$**"), which is also the functional currency of the Company.

2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated financial statements for the six months ended 31 March 2023 should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 30 September 2022 which has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**").

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties, investment properties held under joint operations and financial assets at fair value through profit or loss, which were measured at fair values.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 31 March 2023 are consistent with those presented in the Company's audited consolidated financial statements for the year ended 30 September 2022.

The Group has applied for the first time the following standards and amendments, which are mandatorily effective for the annual period beginning on or after 1 October 2022 for the preparation of the unaudited interim condensed consolidated financial statements:

IFRS 3 (Amendments)	Reference to the Conceptual Framework
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS Standards (Amendments)	Annual Improvements to IFRS Standards 2018–2020

The application of the above amendments has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited interim condensed consolidated financial statements. The Group has not early applied any new standards or interpretations that are not yet effective for the current accounting period.

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of construction services (including civil engineering works, building construction works and other ancillary services) by the Group to external customers and property investment being rental income from investment properties and investment properties held under joint operations.

(i) Disaggregation of revenue from contracts with customers

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Type of services		
Construction services		
– Civil engineering works	**24,373,497**	27,050,809
– Building construction works	**7,230,684**	3,266,352
– Other ancillary services	**4,110**	135,344
Revenue from contracts with customers	**31,608,291**	30,452,505
Rental from property investment	**276,850**	292,400
Segment revenue *(Note 4(iii))*	**31,885,141**	30,744,905
Timing of revenue recognition		
Over time	**31,608,291**	30,452,505
Types of customers		
Corporate	**28,060,969**	22,157,182
Government	**3,547,322**	8,295,323
	31,608,291	30,452,505

(ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of construction of services over time.

(iii) Segment information

Information is reported to the executive Directors of the Company, being the Chief Operating Decision Makers ("**CODMs**") of the Group, for the purposes of resource allocation and performance assessment. The CODMs review segment revenue and results attributable to each segment, which is measured by reference to respective segments' gross profit. The Group has two operating segments as follows:

- Construction services: provision of civil engineering works, building construction works and other ancillary services to government and commercial corporations.

- Property investment: leasing of residential and industrial properties.

No analysis of the Group's assets and liabilities is regularly provided to the CODMs for review.

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Segment revenues		
Construction services	**31,608,291**	30,452,505
Property investment	**276,850**	292,400
	31,885,141	30,744,905
Segment results		
Construction services	**1,567,778**	417,999
Property investment	**218,378**	223,342
	1,786,156	641,341
Unallocated:		
Other income	**99,359**	549,184
Other gains and losses	**1,424,235**	275,947
Reversal of expected credit losses on financial assets and contract assets, net	**39,596**	324,199
Administrative expenses	**(2,767,206)**	(4,001,302)
Finance costs	**(554,261)**	(582,959)
Share of result of a joint venture	**(768)**	(2,267)
Profit/(loss) before taxation	**27,111**	(2,795,857)

(iv) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the period are as follows:

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Customer I**	**N/A***	3,967,951
Customer II**	**5,602,087**	N/A*
Customer III**	**N/A***	7,744,801
Customer IV**	**5,666,856**	7,078,858
Customer V**	**N/A***	4,047,103
Customer VI**	**4,477,204**	N/A*
Customer VII**	**3,920,068**	N/A*

* Revenue did not contribute over 10% of the Group's total revenue for the reporting period.

** Revenue was derived from the segment of construction services.

(v) **Geographical information**

The Group principally operates in Singapore, which is also the place of domicile. The Group's revenue for the six months ended 31 March 2023 represents 100% (six months ended 31 March 2022: 100%) of the total revenue of the Group. The Group's non-current assets are all located in Singapore.

5 OTHER INCOME

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**19,238**	220,027
Rental income from renting properties to directors *(Note 22)*	**–**	52,000
Interest income from bank deposits	**7,198**	44
Sundry income	**72,923**	277,113
	99,359	549,184

Note: Government grants were received from various government authorities in Singapore for employment incentives, productivity improvement and COVID-19 related grants and rebates. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.

Included in government grants are COVID-19 related grants and rebates of Nil (six months ended 31 March 2022: S$189,750).

6 OTHER GAINS AND LOSSES

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Net gain on disposal of property, plant and equipment *(Note (a))*	**2,278,593**	72,900
Gain from sale of scrap materials	**24,361**	301,933
Fair value gain on financial assets at fair value through profit or loss	**3,941**	3,926
Net foreign exchange losses	**(577,660)**	(102,812)
Net loss on disposal of investment property held under joint operations *(Note (b))*	**(305,000)**	–
	1,424,235	275,947

Notes:

(a) Included in the net gain on disposal of property, plant and equipment during the six months ended 31 March 2023 was mainly a net gain of S$2,129,035 recorded from the Group's disposal of a property to an external party for a consideration of S$3,720,000.

(b) During the six months ended 31 March 2023, the Group disposed of an investment property held under joint operations to an external party for a consideration of S$1,200,000 and the Group recorded a net loss of S$305,000 (Note 13).

7 FINANCE COSTS

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Interests on:		
– Bank borrowings and overdrafts	**522,799**	531,785
– Lease liabilities	**31,462**	51,174
	554,261	582,959

8 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging:

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment:		
recognised as cost of services	**667,909**	1,019,901
recognised as administrative expenses	**490,604**	596,013
	1,158,513	1,615,914
Directors' remuneration *(Note 22)*	**481,118**	540,696
Other staff costs:		
– Salaries and other benefits	**2,681,812**	2,991,961
– Contributions to Central Provident Fund ("**CPF**")	**184,264**	193,915
– Foreign worker levy and skill development levy	**543,218**	515,409
Total staff costs (including Directors' remuneration):	**3,890,412**	4,241,981
recognised as cost of services	**2,770,100**	2,991,850
recognised as administrative expenses	**1,120,312**	1,250,131
Expense relating to short term lease	**25,824**	127,280
Cost of materials recognised as cost of services	**8,228,278**	4,534,551
Subcontracting fees recognised as cost of services	**16,888,235**	20,959,189

9 INCOME TAX

	For the six months ended 31 March	
	2023	2022
	S$	*S$*
	(Unaudited)	(Unaudited)
Tax (credit)/expense comprises:		
Current tax		
– Singapore corporate income tax *(Note (a))*	**–**	–
– Adjustments in respect of prior years *(Note (b))*	**(253,141)**	39,298
	(253,141)	39,298

Notes:

(a) No Singapore corporate income tax provision was made as the Group did not generate assessable profits arising in Singapore for the six months ended 31 March 2023 and 2022.

(b) For the six months ended 31 March 2023, tax adjustments made was related to overprovision of prior years' Singapore corporate income tax which was finalised and refunded by the Singapore tax authorities to the Group.

10 DIVIDENDS

No dividend has been declared by the Company or group entities during the six months ended 31 March 2023 and 2022 or subsequent to the period end.

11 EARNINGS/(LOSS) PER SHARE

	For the six months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company *(S$)*	**280,252**	(2,835,155)
Weighted average number of ordinary shares in issue	**480,000,000**	480,000,000
Basic and diluted earnings/(loss) per share *(S cents)*	**0.06**	(0.59)

The calculation of basic earnings/(loss) per share for the six months ended 31 March 2023 and 2022 is based on the earnings/(loss) for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue.

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share because the Group has no dilutive securities that are convertible into shares during the six months ended 31 March 2023 and 2022.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and properties	Buildings and freehold land	Dormitories	Motor vehicles	Plant and machinery	Office equipment	Furniture and fittings	Leasehold improvements	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Cost:									
At 1 October 2021	9,888,907	3,548,113	744,968	6,578,413	12,144,900	430,555	112,236	1,704,544	35,152,636
Additions	35,317	–	772,008	–	–	5,074	–	–	812,399
Disposal/written off	(250,354)	(1,830,246)	(210,118)	(155,426)	(3,161,500)	–	–	(146,352)	(5,753,996)
At 30 September 2022 and 1 October 2022	9,673,870	1,717,867	1,306,858	6,422,987	8,983,400	435,629	112,236	1,558,192	30,211,039
Additions	–	–	–	–	–	15,210	–	–	15,210
Disposal/written off	–	(1,717,867)	–	(476,909)	(296,300)	–	–	(213,704)	(2,704,780)
At 31 March 2023	9,673,870	–	1,306,858	5,946,078	8,687,100	450,839	112,236	1,344,488	27,521,469
Accumulated depreciation:									
At 1 October 2021	1,462,285	244,032	527,446	5,427,982	7,896,729	302,394	95,955	1,460,851	17,417,674
Charge for the year	393,785	22,202	433,161	501,335	1,519,072	57,213	12,944	194,220	3,133,932
Disposal/written off	(250,354)	(143,065)	(210,118)	(145,951)	(2,883,425)	–	–	(146,352)	(3,779,265)
At 30 September 2022 and 1 October 2022	1,605,716	123,169	750,489	5,783,366	6,532,376	359,607	108,899	1,508,719	16,772,341
Charge for the period	168,227	3,732	193,003	173,137	550,912	23,566	3,303	42,633	1,158,513
Disposal/written off	–	(126,901)	–	(476,909)	(296,300)	–	–	(213,704)	(1,113,814)
At 31 March 2023	1,773,943	–	943,492	5,479,594	6,786,988	383,173	112,202	1,337,648	16,817,040
Carrying amount:									
At 30 September 2022 (audited)	8,068,154	1,594,698	556,369	639,621	2,451,024	76,002	3,337	49,473	13,438,698
At 31 March 2023 (unaudited)	7,899,927	–	363,366	466,484	1,900,112	67,666	34	6,840	10,704,429

The carrying amounts of right-of-use assets (included in property, plant and equipment) are set out below:

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Right-of-use assets		
Leasehold land	**1,136,549**	1,165,816
Dormitories	**363,366**	556,369
Plant and machinery	**799,850**	1,583,567
Motor vehicles	**226,644**	378,513
	2,526,409	3,684,265

The leasehold properties and buildings and freehold land with carrying value of S$6,763,378 (as at 30 September 2022: S$8,497,036) in total are pledged to banks to secure banking facilities including bank borrowings.

13 INVESTMENT PROPERTIES/INVESTMENT PROPERTIES HELD UNDER JOINT OPERATIONS

	Investment properties *S$*	**Investment properties held under joint operations** *S$*
Fair value		
At 30 September 2021 (audited)	9,703,000	6,215,000
Net increase/(decrease) in fair value recognised in profit or loss	510,000	(270,000)
At 30 September 2022 (audited)	10,213,000	5,945,000
Disposal *(Note 6)*	–	(1,505,000)
At 31 March 2023 (unaudited)	10,213,000	4,440,000

The Group's investment properties and investment properties held under joint operations are held to earn rentals and for capital appreciation purposes. The investment properties and investment properties held under joint operations are measured using the fair value model.

The valuations of the Group's investment properties and investment properties held under joint operations were carried out on 30 September 2022 by ROMA Appraisals Limited, an independent qualified professional valuer not related to the Group, whose method of valuation has been disclosed below. Management has assessed that the key inputs and assumptions used for the valuation on 30 September 2022 remain applicable and reasonable as at 31 March 2023.

The fair values were determined based on the direct comparison approach that reflects sale of the properties in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market.

	As at 31 March 2023 ***S$*** **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Investment properties		
21 Toh Guan Road East #01-10, Singapore 608609	**1,510,000**	1,510,000
21 Toh Guan Road East #01-11, Singapore 608609	**1,510,000**	1,510,000
45 Hillview Avenue #01-05, Singapore 669613	**2,110,000**	2,110,000
45 Hillview Avenue #01-06, Singapore 669613	**2,100,000**	2,100,000
11 Kang Choo Bin Road #01-01, Singapore 548315	**1,360,000**	1,360,000
11 Kang Choo Bin Road #01-03, Singapore 548315	**1,623,000**	1,623,000
	10,213,000	10,213,000
Investment properties held under joint operations		
7 Soon Lee Street #01-13, Singapore 627608	**–**	3,010,000
114 Lavender Street, #01-68 CT Hub 2, Singapore 338729	**8,880,000**	8,880,000
	8,880,000	11,890,000
Proportion of the Group's ownership interest in the investment properties held under joint operations	**50%**	50%
Group's share of the investment properties held under joint operations	**4,440,000**	5,945,000

The Group's investment properties and investment properties held under joint operations are pledged to banks to secure banking facilities including bank borrowings.

14 TRADE RECEIVABLES

	As at 31 March 2023 ***S$*** **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Trade receivables	**5,966,453**	8,374,342
Less: allowance for expected credit losses	**(97,544)**	(110,390)
	5,868,909	8,263,952

The Group grants credit terms to customers typically 30 to 35 days (as at 30 September 2022: 30 to 35 days) from the invoice dates. The following is an aging analysis of trade receivables, net of allowance for expected credit losses, presented based on the invoice date at the end of each reporting period:

	As at 31 March 2023 *S$* (Unaudited)	As at 30 September 2022 *S$* (Audited)
Within 30 days	**3,010,416**	4,278,294
31 days to 60 days	**346,659**	1,043,449
61 days to 90 days	**8,440**	217,442
91 days to 180 days	**23,769**	699,328
181 days to 1 year	**757,301**	678,643
Over 1 year	**1,722,324**	1,346,796
	5,868,909	8,263,952

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March 2023 *S$* (Unaudited)	As at 30 September 2022 *S$* (Audited)
Sundry debtors *(Note (a))*	**1,611,576**	1,590,907
Advances to subcontractors *(Note (b))*	**1,257,540**	–
Prepayments and advances	**336,837**	285,391
Deposits	**686,792**	741,728
	3,892,745	2,618,026
Less: allowance for expected credit losses	**(40,815)**	(40,815)
	3,851,930	2,577,211

Notes:

(a) Included in sundry debtors was mainly the consideration receivable from disposal of property, plant and equipment of approximately S$1,323,233 (as at 30 September 2022: S$1,230,500) as at 31 March 2023.

(b) Advance payment to subcontractors represented the amount paid to a subcontractor in advance for settlement of sub-contracting services which is subsequently received.

16 CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities balances for financial reporting purpose:

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Contract assets, net of loss allowance	**19,155,202**	21,692,831
Contract liabilities	**(201,823)**	(17,085)
	18,953,379	21,675,746

Contract assets

Amounts of contract assets represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Construction contracts – *current:*		
Retention receivables	**5,167,211**	4,543,976
Others*	**13,999,453**	17,187,067
	19,166,664	21,731,043
Less: allowance for expected credit losses	**(11,462)**	(38,212)
	19,155,202	21,692,831

* It represents the revenue not yet been billed to the customers which the Group has completed the relevant services under such contracts but yet to be certified by representatives appointed by the customers.

Contract liabilities

The contract liabilities represent the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Construction contracts – *current*	**201,823**	17,085

17 TRADE AND OTHER PAYABLES

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Trade payables	**4,611,437**	4,277,396
Trade accruals	**6,632,976**	8,007,636
Retention payables*	**4,121,333**	4,136,761
	15,365,746	16,421,793
Payroll and CPF payables	**574,180**	1,050,231
Deposits	**92,250**	83,700
Sundry creditors	**470,774**	903,593
Goods and Services Tax ("**GST**") payable	**181,466**	202,843
Accrued expenses	**–**	351,358
	1,318,670	2,591,725
	16,684,416	19,013,518

* The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works. These are classified as current as they are expected to be paid within the Group's normal operating cycle.

The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 March 2023 *S$* **(Unaudited)**	As at 30 September 2022 *S$* (Audited)
Within 30 days	**2,229,979**	1,467,984
31 days to 60 days	**1,307,779**	1,067,970
61 days to 90 days	**790,038**	1,018,514
Over 90 days	**283,641**	722,928
	4,611,437	4,277,396

18 BANK OVERDRAFTS/BANK BORROWINGS/BANK BORROWINGS HELD UNDER JOINT OPERATIONS

	As at 31 March 2023	As at 30 September 2022
	S$	*S$*
	(Unaudited)	(Audited)
Bank overdrafts	**4,278,739**	4,357,151
Bank borrowings and bank borrowings held under joint operations – secured and guaranteed	**12,894,783**	18,429,125
	17,173,522	22,786,276
Maturity analysis:		
Within one year (amounts shown under current liabilities)	**9,215,708**	10,134,525
More than one year, but not exceeding five years	**2,953,589**	5,780,580
More than five years	**5,004,225**	6,871,171
Amounts shown under non-current liabilities	**7,957,814**	12,651,751
	17,173,522	22,786,276
Analysed as:		
Current liabilities		
Bank overdrafts	**4,278,739**	4,357,151
Bank borrowings	**4,842,826**	5,548,963
Bank borrowings held under joint operations	**94,143**	228,411
	9,215,708	10,134,525
Non-current liabilities		
Bank borrowings	**5,545,378**	9,616,580
Bank borrowings held under joint operations	**2,412,436**	3,035,171
	7,957,814	12,651,751

19 LEASE LIABILITIES

	As at 31 March 2023 S$ (Unaudited)	As at 30 September 2022 S$ (Audited)
Lease liabilities payable:		
Within one year	**834,506**	1,057,597
More than one year, but not exceeding five years	**300,056**	620,913
More than five years	**921,488**	948,397
Non-current	**1,221,544**	1,569,310
Total lease liabilities	**2,056,050**	2,626,907
Present value of minimum lease payments:		
Current	**834,506**	1,057,597
Non-current	**1,221,544**	1,569,310
	2,056,050	2,626,907

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function. The weighted average incremental borrowing rates applied to lease liabilities range from 2.3% to 5.1% (as at 30 September 2022: 2.3% to 5.6%).

20 SHARE CAPITAL

	Number of ordinary shares	Par value HK$	Share capital HK$
Authorised share capital of the Company:			
At 1 October 2022 and 31 March 2023	1,000,000,000	0.01	10,000,000

	Number of ordinary shares	Share capital HK$	Share capital S$
Issued and fully paid of the Company:			
At 1 October 2022 and 31 March 2023	480,000,000	4,800,000	847,680

21 CAPITAL MANAGEMENT

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 the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes bank overdrafts and borrowings (including those held under joint operations) and lease liabilities, net of bank deposits, bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of items in the context of capital structure, and takes appropriate actions to adjust the Group's capital structure. Based on recommendations of the management, the Group will balance its overall capital structure through continuity of funding of cash flows from operating activities or raising new funds.

22 RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

Name of related parties	Nature of transaction	For the six months ended 31 March **2023** ***S$*** **(Unaudited)**	 2022 *S$* (Unaudited)
Mr. Poon Soon Huat *(Note (i))*	Rental income	**–**	42,000
Mr. Teo Teck Thye *(Notes (i) and (ii))*	Rental income	**–**	10,000

Notes:

(i) Mr. Poon Soon Huat acts as the chairman of the Company and an executive Director and is one of the controlling shareholders of the Company under the Listing Rules.

(ii) Mr. Teo Teck Thye had resigned as the chief executive officer of the Company with effect from 26 November 2021. Mr. Teo Teck Thye is one of the controlling shareholders under the Listing Rules.

Compensation of Directors and other key management personnel

The remuneration of Directors and other members of key management of the Group were as follows:

	For the six months ended 31 March **2023** ***S$*** **(Unaudited)**	 2022 *S$* (Unaudited)
Directors		
Salaries and allowances	**396,000**	436,000
Director fees	**62,433**	62,526
Discretionary bonus	**–**	20,000
Contributions to CPF	**22,685**	22,170
	481,118	540,696
Other key management personnel		
Salaries and allowances	**105,500**	101,500
Contributions to CPF	**16,235**	15,980
	121,735	117,480

23 PERFORMANCE BONDS

As at 31 March 2023, performance bonds of S$16,906,394 (30 September 2022: S$16,906,394) were given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities is determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets is measured at fair value on a recurring basis.

	Fair value				
Financial assets	**As at 31 March 2023** ***S$*** **(Unaudited)**	As at 30 September 2022 *S$* (Audited)	**Fair value hierarchy**	**Valuation techniques and key input**	**Significant unobservable inputs**
Financial assets at fair value through profit or loss	**1,261,949**	1,258,008	Level 2	Quoted redemption value by insurance company	N/A

Except as disclosed as above, the Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the interim condensed consolidated financial statements approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group has been established for over 25 years and is principally engaged in construction services and property investment business in Singapore. The Group specialises in providing construction services and solutions in (i) civil engineering works entailing road works, earthworks, drainage works, earth retaining stabilising structure works and soil improvement works; (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works; and (iii) other ancillary services which include logistics and transportation services of construction materials. The Group's property investment business primarily includes residential and industrial properties leasing.

The Group recorded an increase in total revenue of approximately S$1.2 million, from approximately S$30.7 million for the six months ended 31 March 2022 ("**1HFY22**") to approximately S$31.9 million for the six months ended 31 March 2023 ("**1HFY23**"). The Group's gross profit increased by approximately S$1.2 million, from approximately S$0.6 million for 1HFY22 to approximately S$1.8 million for 1HFY23. The Group also recorded a net profit of approximately S$0.3 million for 1HFY23, reversing from a net loss of approximately S$2.8 million for 1HFY22.

The Group's turnaround from net loss to profit was mainly attributable to (i) an increase in gross profit and gross profit margin, which was primarily driven by the improvement of cost overrun for ongoing projects due to the easing of COVID-19 pandemic in Singapore and decrease in costs incurred for COVID-19 related controlled safety measures; (ii) an increase in other net gains and losses, which was primarily driven by an increase in net gain on disposal of property, plant and equipment, which was partially offset by an increase of net foreign exchange losses and net loss on disposal of investment property held under joint operations; and (iii) a decrease in administrative expenses, which was primarily driven by a decrease in professional fees, general machineries and motor vehicles expenses and administrative staff costs. The abovementioned was partially offset by a decrease in other income, which was primarily driven by a decrease in government grants and sundry income.

With reference to the latest press released on 14 April 2023 by the Ministry of Trade and Industry ("**MTI**"), Singapore's economy faces an uncertain near-term outlook, where the economy grew by 0.1% on a year-on-year basis in the first quarter of 2023, slower than the 2.1% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 0.7%, a reversal from the 0.1% expansion in the fourth quarter of 2022. However, the construction sector grew by 8.5% year-on-year in the first quarter of 2023, extending the 10% growth in the previous quarter. Growth during the quarter was supported by expansions in both public and private sector construction output. Nonetheless, the value-added of the sector remained 21.3% below its pre-pandemic level. On a quarter-on-quarter seasonally-adjusted basis, the construction sector expanded by 1.8% in the first quarter, faster than the 1.4% expansion in the preceding quarter.

Moreover, the Building and Construction Authority ("**BCA**") maintains its last year's projection to range between S$27 billion and S$32 billion worth of construction contracts to be awarded in 2023. The public sector is expected to contribute about 60% of the total construction demand. This is supported by a continued strong pipeline of public housing projects amid Housing Development Board's ("**HDB**") 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. Civil engineering construction demand is anticipated to stay firm with continued support from the Mass Rapid Transit ("**MRT**") line construction and other infrastructure works. The BCA also expects a sustained recovery of construction demand over the medium-term to reach between S$25 billion and S$32 billion per year from 2024 to 2027.

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

Despite the overall improved outlook of the domestic construction industry, the Group remains cautiously optimistic in its business profitability and growth in view of competitive tender pricings from industry competitors and existential market headwinds, including from the deadlocked Russia-Ukraine War, rising geopolitical tensions, high interest rate environment, to the persistent price inflationary pressures on raw materials, labour and subcontracting contracts.

The Group will continue to remain focus in our business strategies of strengthening our core expertise through improving productivity, enhancing our technical capabilities and upskilling of our workforce. The Group believes that this will improve our competitive edge in the tender and delivery of new construction projects and adapt to the changing market demands.

FINANCIAL REVIEW

Revenue

The Group's revenue is derived from (i) the provision of civil engineering works, building construction works and other ancillary services which include logistics and transportation services of construction materials, for both public and private sector customers ("**Construction Services**"); and (ii) property investment business.

The Group's Construction Services are widely required in new infrastructure and building developments, redevelopment, additions and alterations works and upgrading projects, which involve residential, commercial and industrial buildings. For property investment business, the Group leases both industrial and residential properties to earn rental income from tenants.

The following table sets forth the breakdown of the Group's total revenue by segments:

	For the six months ended 31 March			
	2023		2022	
	***Revenue S$ million* (Unaudited)**	***% of total revenue***	*Revenue S$ million* (Unaudited)	*% of total revenue*
Construction Services	**31.6**	**99.1**	30.4	99.0
Property investment	**0.3**	**0.9**	0.3	1.0
Total revenue	**31.9**	**100.0**	30.7	100.0

The Group's total revenue increased by approximately S$1.2 million or approximately 3.9% from approximately S$30.7 million for 1HFY22 to approximately S$31.9 million for 1HFY23. The increase in the Group's revenue derived from the Construction Services which was mainly driven by more construction activities resumed during 1HFY23 as compared to 1HFY22 due to Singapore's full easing of COVID-19 restrictions.

Cost of services

The Group's cost of services for 1HFY23 remained relatively stable as compared to that for 1HFY22, which amounted to approximately S$30.1 million for both periods, respectively.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S$1.2 million from approximately S$0.6 million for 1HFY22 to approximately S$1.8 million for 1HFY23. The Group's gross profit margin also increased from approximately 2.1% for 1HFY22 to approximately 5.6% for 1HFY23. The increase in both gross profit and gross profit margin was primarily driven by the improvement of cost overrun for ongoing projects due to the easing of COVID-19 pandemic in Singapore and decrease in costs incurred for COVID-19 related controlled safety measures.

Other income

The Group's other income decreased by approximately S$0.4 million from approximately S$0.5 million for 1HFY22 to approximately S$0.1 million for 1HFY23. The decrease in other income was mainly attributable to (i) a decrease in government grants of approximately S$0.2 million received by the Group due to the cessation of the Singapore government's COVID-19 reliefs and construction activities in Singapore have fully resumed in 1HFY23 as comparison to 1HFY22; and (ii) a decrease in sundry income of approximately S$0.2 million.

Other gains and losses

The Group's other net gains and losses increased by approximately S$1.1 million from approximately S$0.3 million for 1HFY22 to approximately S$1.4 million for 1HFY23. The increase in other net gains and losses was primarily driven by an increase in net gain on disposal of property, plant and equipment from approximately S$0.1 million for 1HFY22 to approximately S$2.3 million for 1HFY23. Such increase was partially offset by (i) an increase of net foreign exchange losses from approximately S$0.1 million for 1HFY22 to approximately S$0.6 million for 1HFY23; and (ii) the recognition of net loss on disposal of investment property held under joint operations of approximately S$0.3 million for 1HFY23.

The increase in net gain on disposal of property, plant and equipment for 1HFY23 mainly included the recognition of gain on disposal of a property to an independent third party, of approximately S$2.1 million. On 3 November 2022, an indirect wholly-owned subsidiary of the Company, Sing Tec Development Pte. Ltd. (the "**Vendor**") granted an Option To Purchase to an independent third party, Mr. Liu Chao (the "**Purchaser**"), pursuant to which the Vendor has agreed to sell a property situated at 39 Pavilion Place, Singapore 658375 (the "**Property**"), at the consideration of S$3.72 million to the Purchaser, and the Purchaser has the option to purchase the Property. The consideration of S$3.72 million was determined after arm's length negotiations between the Group and the purchaser with reference to the valuation of the Property as at 26 October 2022 at S$3.7 million, as appraised by an independent valuer based on the direct comparison method. On 17 November 2022, the Purchaser exercised the Option To Purchase to purchase the Property from the Vendor. The transaction was completed on 9 February 2023. The Group intends to use the net proceeds from the disposal as general working capital. For further details of the transaction as mentioned above, please refer to the Company's announcements dated 3 November 2022 and 17 November 2022.

Reversal of expected credit losses on financial assets and contract assets

The net gain on reversal of expected credit losses on financial assets and contract assets decreased by approximately S$0.3 million from approximately S$0.3 million for 1HFY22 to approximately S$40,000 for 1HFY23. The decrease was mainly due to the stabilisation in performance of the prevailing construction industry and collectability of the Group's financial assets and contract assets during 1HFY23 as compared to 1HFY22.

Administrative expenses

The Group's administrative expenses decreased by approximately S$1.2 million from approximately S$4.0 million for 1HFY22 to approximately S$2.8 million for 1HFY23. The decrease in administrative expenses were mainly due to (i) the decrease in professional fees of approximately S$0.5 million; (ii) the decrease in general machineries and motor vehicles expenses of approximately S$0.5 million; and (iii) the decrease in administrative staff costs of approximately S$0.2 million.

Finance costs

The Group's finance costs for 1HFY23 remained relatively stable as compared to that for 1HFY22, which amounted to approximately S$0.6 million in both periods, respectively.

Share of result of a joint venture

The Group's share of result of a joint venture for 1HFY23 remained relatively stable as compared to 1HFY22, which amounted to approximately S$1,000 and S$2,000, respectively.

Income tax

The Group's income tax expense decreased by approximately S$0.3 million from a tax expense of approximately S$40,000 for 1HFY22 to a tax credit of approximately S$0.3 million for 1HFY23. This was mainly due to an adjustment of income tax related to overprovision of prior years' tax which was finalised and refunded by the Singapore tax authorities during 1HFY23.

Profit/(loss) for the period

As a result of the foregoing, the Group recorded a net profit for the period of approximately S$0.3 million for 1HFY23, reversing from a net loss for the period of approximately S$2.8 million for 1HFY22, representing an increase of approximately S$3.1 million.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of an interim dividend for 1HFY23 (1HFY22: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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. The Group's overall strategy in the objective, policies or processes for managing capital remains unchanged since the listing of the Company's shares (the "**Listing**") by way of share offer (the "**Share Offer**") in September 2019. The capital structure of the Group consists of debt, which includes bank overdrafts, bank borrowings (including bank borrowings held under joint operations) and lease liabilities, net of bank deposits, bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves. There had been no material change in the capital structure of the Group since the Listing.

The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of cash and cash equivalents, borrowings and net proceeds from the Share Offer. The management of the Group reviews the capital structure on a regular basis.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in Singapore dollars and Hong Kong dollars, is generally deposited with certain financial institutions.

As at 31 March 2023, the Group had bank balances and cash of approximately S$8.8 million as compared to approximately S$9.0 million as at 30 September 2022. The Group had total bank overdrafts, bank borrowings (including bank borrowings held under joint operations) and lease liabilities of approximately S$19.2 million as at 31 March 2023 as compared to approximately S$25.4 million as at 30 September 2022.

Gearing ratio

Gearing ratio is calculated by dividing all bank overdrafts, bank borrowings (including bank borrowings held under joint operations) and lease liabilities by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2023 was approximately 65.7% as compared to 87.6% as at 30 September 2022. The decrease in gearing ratio was mainly due to the decrease in bank borrowings (including bank borrowings held under joint operations) of the Group as at 31 March 2023.

Charges on group assets

As at 31 March 2023, (i) bank deposits of approximately S$0.5 million (as at 30 September 2022: approximately S$0.5 million); (ii) owned-occupied properties with carrying amount of approximately S$6.8 million (as at 30 September 2022: approximately S$8.5 million); (iii) investment properties with carrying amount of approximately S$10.2 million (as at 30 September 2022: approximately S$10.2 million); and (iv) investment properties held under joint operations with carrying amount of approximately S$4.4 million (as at 30 September 2022: approximately S$5.9 million) have been pledged to the banks to secure banking facilities including bank borrowings granted to the Group.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements at all times.

FOREIGN EXCHANGE RISK

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in Singapore dollars and the Group's assets and liabilities are primarily denominated in Singapore dollars. However, the Group has certain bank balances and other payables denominated in Hong Kong dollars amounting to approximately S$8.0 million and S$0.3 million, respectively, as at 31 March 2023 which exposed the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the Group manages the risk by closely monitoring the movements of the foreign currency rate and would consider hedging against significant foreign currency exposure should it be necessary.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES OR JOINT VENTURE

There were no material acquisition or disposal of subsidiaries and associate companies or joint ventures by the Group during 1HFY23.

SIGNIFICANT INVESTMENTS HELD

The Group's significant investments comprised investment properties and investment properties held under joint operations.

Investment properties

The following table sets forth the investment cost, fair value and size relative to the Group's total assets as at the dates indicated:

	As at 31 March 2023			As at 30 September 2022		
Significant investments	**Investment cost** *(S$)*	**Fair value** *(S$)* **(Unaudited)**	**Percentage to the Group's total assets**	Investment cost *(S$)*	Fair value *(S$)* (Audited)	Percentage to the Group's total assets
21 Toh Guan Road East #01-10, Singapore 608609	**992,640**	**1,510,000**	**2.3%**	992,640	1,510,000	2.0%
21 Toh Guan Road East #01-11, Singapore 608609	**1,667,700**	**1,510,000**	**2.3%**	1,667,700	1,510,000	2.0%
45 Hillview Avenue #01-05, Singapore 669613	**1,334,600**	**2,110,000**	**3.2%**	1,334,600	2,110,000	2.9%
45 Hillview Avenue #01-06, Singapore 669613	**1,334,600**	**2,100,000**	**3.2%**	1,334,600	2,100,000	2.8%
11 Kang Choo Bin Road #01-01, Singapore 548315	**1,264,075**	**1,360,000**	**2.1%**	1,264,075	1,360,000	1.8%
11 Kang Choo Bin Road #01-03, Singapore 548315	**1,529,979**	**1,623,000**	**2.5%**	1,529,979	1,623,000	2.2%
Total	**8,123,594**	**10,213,000**	**15.6%**	8,123,594	10,213,000	13.7%

Investment properties held under joint operations

The following table sets forth the investment cost, fair value and size relative to the Group's total assets as at the dates indicated:

Significant investments	Proportion of the Group's ownership interest	As at 31 March 2023 Investment cost attributable to the Group *(S$)*	 Fair value attributable to the Group *(S$)* (Unaudited)	 Percentage to the Group's total assets	As at 30 September 2022 Investment cost attributable to the Group *(S$)*	 Fair value attributable to the Group *(S$)* (Audited)	 Percentage to the Group's total assets
7 Soon Lee Street #01-13, Singapore 627608 *(Note (i))*	50%	–	–	–	2,017,048	1,505,000	2.0%
114 Lavender Street, #01-68 CT Hub 2, Singapore 338729 *(Note(ii))*	50%	**4,985,271**	**4,440,000**	**6.8%**	4,985,271	4,440,000	6.0%
Total		**4,985,271**	**4,440,000**	**6.8%**	7,002,319	5,945,000	8.0%

Notes:

(i) The investment property was held under joint operation with Chartered Employment Agency Pte Ltd. During the six months ended 31 March 2023, the Group disposed the investment property held under joint operation to an external party for a consideration of S$1.2 million and the Group recorded a net loss of S$0.3 million.

(ii) The investment property is held under joint operation with Poh Wah Group Pte Ltd.

The Company's investment strategy for investment properties and investment properties held under joint operations

The Group's strategy is to continuously establish an investment property portfolio which is able to add an alternative, stable and recurring revenue stream to the Group's overall business and also to diversify risk of any potential change in the construction industry; and for potential capital appreciation purposes. Depending on prevailing market conditions (i.e. price and reasonable returns), the Group would from time to time solidify its property investment business by (i) identifying value adding investment properties in future; and (ii) evaluating existing portfolio on an going basis and selling or replacing less performing investment properties.

Save as disclosed in this announcement, the Group did not hold other significant investments as at 31 March 2023.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement and the Company's prospectus dated 29 August 2019 (the "**Prospectus**"), the Group did not have other future plans for material investments or capital assets as at 31 March 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of 197 employees (as at 31 March 2022: 204 employees), including two executive Directors but excluding three independent non-executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for 1HFY23 amounted to approximately S$3.9 million (1HFY22: approximately S$4.2 million).

In order to attract and retain high quality staff and to enable smooth operations within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from contributions to the Central Provident Fund and job training programs, salary increments and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had contingent liabilities in respect of performance bonds of approximately S$16.9 million (as at 30 September 2022: approximately S$16.9 million). The performance bonds were given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

During 1HFY23, the Group acquired items of property, plant and equipment of approximately S$15,000 (1HFY22: Nil).

As at 31 March 2023, the Group had no material capital commitments (as at 30 September 2022: Nil).

USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer (after deducting listing expenses) amounted to approximately HK$86.3 million (equivalent to approximately S$15.2 million). An analysis of the utilisation of the net proceeds from the Share Offer from 19 September 2019 (the "**Listing Date**") up to 31 March 2023 is set out below:

Purposes	Planned use of net proceeds		Actual amount of net proceeds utilised as of 1 October 2022	Actual amount of net proceeds utilised during 1HFY23	Actual amount of net proceeds utilised from the Listing Date up to 31 March 2023	Planned amount of net proceeds to be utilised from Listing Date up to 31 March 2023	Unutilised amount of net proceeds as at 31 March 2023	Expected timeline for the use of the remaining balance of net proceeds
	HK$ million	*%*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
Strengthening the Group's financial position	21.8	25.3	21.8	–	21.8	21.8	–	N/A
Enhancing the Group's machinery fleet	31.0	36.0	31.0	–	31.0	31.0	–	N/A
Strengthening the Group's workforce	11.6	13.4	11.6	–	11.6	11.6	–	N/A
Developing production area for steel bar fabrication	2.0	2.3	2.0	–	2.0	2.0	–	N/A
Investing in BIM and ERP systems	5.3	6.1	–	–	–	5.3	5.3	by 30 September 2023
Acquiring investment properties	14.6	16.9	–	–	–	14.6	14.6	by 30 September 2023
Total	86.3	100.0	66.4	–	66.4	86.3	19.9	

As at 31 March 2023, part of the unutilised amount of net proceeds was placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and Singapore. Up to 31 March 2023, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned.

Reasons for the delay in use of net proceeds from the Share Offer

The reasons for the delay in use of net proceeds from the Share Offer with respect to the investing in BIM and ERP systems and acquiring investment properties are as follows:

(a) Due to the prolonged disruption of COVID-19 to the Group's business operations over the past few years and the challenges from the global economic slowdown brought about from supply disruptions, high inflation and other geo-political tensions, the Group adopted a prudent approach to preserve the cash position and liquidity of the Group;

(b) The Group required additional time to shortlist and select suitable vendors for ERP systems to enhance our operational productivity; and

(c) The Group required additional time to look for more suitable properties due to further cooling measures announced recently by the Singapore government to dampen the property market price volatility.

In view of the above, the Group expects that the remaining unutilised amount of net proceeds will be utilised by the year ending 30 September 2023 depending on the development and impact of the prevailing economic conditions on the business operation in Singapore.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no material subsequent event undertaken by the Group after 31 March 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

During 1HFY23, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 23 August 2019. The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, agreed to be granted, exercised, cancelled, forfeited or lapsed under the Share Option Scheme since its adoption on 23 August 2019 and during 1HFY23, and there was no outstanding share option as at 31 March 2023.

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

During 1HFY23, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's unaudited condensed consolidated interim results for 1HFY23 and discussed with the management of the Company on the accounting principles and practices adopted by the Group. The Audit Committee was of the view that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.singtec.com.sg and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 31 March 2023 will be despatched to the shareholders of the Company and available on the aforesaid websites in due course.

By Order of the Board
S&T Holdings Limited
Poon Soon Huat
Chairman and Executive Director

Hong Kong, 31 May 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Poon Soon Huat and Mr. Koh Chew Chiang (alias Xu Zhouchang) (formerly known as Faris Koh); and three independent non-executive Directors, namely Mr. Chan Kwok Wing Kelvin, Mr. Tam Hon Fai and Mr. Wong Ka Bo Jimmy.