

# Wei Yuan Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1343

## Interim Report **2023**



# Contents

Corporate Information	2
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Interim Financial Statements	10
Management Discussion and Analysis	58
Other Information	66



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ng Tian Soo (*Chairman*)  
Mr. Ng Tian Fah (*Chief Executive Officer*)  
Mr. Huang Lei (appointed on 25 July 2023)

### Independent Non-Executive Directors

Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Ms. Lee Wing Yin Jessica  
Mr. George Christopher Holland

## AUDIT COMMITTEE

Ms. Lee Wing Yin Jessica (*Chairman*)  
Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Mr. George Christopher Holland

## REMUNERATION COMMITTEE

Mr. Gary Ng Sin Tong (*Chairman*)  
(alias Mr. Gary Huang Chendong)  
Mr. Ng Tian Fah  
Ms. Lee Wing Yin Jessica

## NOMINATION COMMITTEE

Mr. Ng Tian Soo (*Chairman*)  
Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Mr. George Christopher Holland

## COMPANY SECRETARY

Ms. Fung Mei Ling

## AUTHORISED REPRESENTATIVES

Mr. Ng Tian Soo  
Ms. Fung Mei Ling

## AUDITOR

Moore Stephens CPA Limited  
Registered Public Interest Entity Auditor  
801-806 Silvercord, Tower 1  
30 Canton Road, Tsimshatsui  
Kowloon, Hong Kong

## COMPLIANCE ADVISER

Grande Capital Limited  
Room 2701, 27/F  
Tower One, Admiralty Center  
18 Harcourt Road  
Admiralty, Hong Kong

## PRINCIPAL BANKERS

Maybank Singapore Limited  
2 Battery Road  
Maybank Tower  
Singapore 049907

Standard Chartered Bank (Singapore) Limited  
8 Marina Boulevard  
Marina Bay Financial Centre Tower 1  
Level 29  
Singapore 018981

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Corporate Information

### **HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE**

37 Kranji Link  
Singapore 728643

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit B, 17/F  
United Centre  
95 Queensway  
Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### **CORPORATE WEBSITE**

<http://www.weiyuanholdings.com>

### **INVESTOR RELATIONS CONTACT**

E-mail: [info@weiyuanholdings.com](mailto:info@weiyuanholdings.com)

### **STOCK CODE**

1343

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Wei Yuan Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 together with comparative figures for the corresponding period in 2022 as follows:

	Notes	For the six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue	4	46,101	52,471
Cost of sales		(38,916)	(45,567)
<b>Gross profit</b>		<b>7,185</b>	6,904
Other income and other gains, net	5	407	1,222
Administrative expenses		(4,896)	(5,216)
Reversal of impairment of trade receivables and contract assets		83	47
<b>Operating profit</b>	6	<b>2,779</b>	2,957
Finance income	8	30	7
Finance costs	8	(771)	(525)
Share of loss of joint ventures, net of tax	13	(455)	(301)
<b>Profit before income tax</b>		<b>1,583</b>	2,138
Income tax expense	9	(567)	(659)
<b>Profit for the period</b>		<b>1,016</b>	1,479
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		448	1,220
Non-controlling interests		568	259
		<b>1,016</b>	1,479

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences		(7)	16
Share of other comprehensive income of joint ventures		127	74
<b>Other comprehensive income for the period, net of tax</b>		<b>120</b>	<b>90</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		568	1,310
Non-controlling interests		568	259
		<b>1,136</b>	<b>1,569</b>
<b>Earnings per share (expressed in Singapore cents per share)</b>			
Basic and diluted	10	<b>0.04</b>	0.11

The above unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	22,133	22,885
Right-of-use assets	23	3,895	3,467
Investment properties	12	2,265	2,265
Investments in joint ventures	13	3,295	3,623
Other financial assets	14	88	88
Deferred income tax assets		278	49
		<b>31,954</b>	<b>32,377</b>
<b>Current assets</b>			
Inventories	16	1,269	1,135
Trade receivables	17	7,562	8,216
Contract assets	18	40,165	49,951
Deposits, prepayments and other receivables	19	2,352	2,430
Pledged bank deposits	20	5,188	1,469
Cash at banks and on hand	20	20,772	16,864
		<b>77,308</b>	<b>80,065</b>
<b>Current liabilities</b>			
Trade and retention payables	21	10,734	14,833
Accruals, other payables and provisions	22	5,395	4,574
Contract liabilities	18	510	550
Current income tax liabilities		1,230	977
Bank and other borrowings	24	28,114	29,623
Lease liabilities	23	1,045	522
		<b>47,028</b>	<b>51,079</b>
<b>Net current assets</b>		<b>30,280</b>	<b>28,986</b>
<b>Total assets less current liabilities</b>		<b>62,234</b>	<b>61,363</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<b>Non-current liabilities</b>			
Deferred income tax liabilities		145	131
Bank and other borrowings	24	2,207	2,424
Lease liabilities	23	2,997	3,071
Provisions	22	657	645
		<b>6,006</b>	6,271
<b>Net assets</b>			
		<b>56,228</b>	55,092
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	25	1,915	1,915
Share premium		15,475	15,475
Revaluation reserve		586	586
Other reserve		10,413	10,413
Exchange reserve		121	1
Retained earnings		24,584	24,136
		<b>53,094</b>	52,526
Non-controlling interests		3,134	2,566
<b>Total equity</b>			
		<b>56,228</b>	55,092

The above unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company						Total S\$'000	Non- controlling interest S\$'000	Total S\$'000
	Share capital S\$'000	Share premium S\$'000	Revaluation reserve S\$'000	Other reserve S\$'000	Exchange reserve S\$'000	Retained earnings S\$'000			
At 1 January 2023	1,915	15,475	586	10,413	1	24,136	52,526	2,566	55,092
Profit for the period	-	-	-	-	-	448	448	568	1,016
Exchange difference arising on translation	-	-	-	-	(7)	-	(7)	-	(7)
Share of other comprehensive income of joint ventures, net of tax	-	-	-	-	127	-	127	-	127
At 30 June 2023 (Unaudited)	1,915	15,475	586	10,413	121	24,584	53,094	3,134	56,228
At 1 January 2022	1,915	15,475	586	10,413	267	21,963	50,619	2,291	52,910
Profit for the period	-	-	-	-	-	1,220	1,220	259	1,479
Exchange difference arising on translation	-	-	-	-	16	-	16	-	16
Share of other comprehensive income of joint ventures, net of tax	-	-	-	-	74	-	74	-	74
At 30 June 2022 (Unaudited)	1,915	15,475	586	10,413	357	23,183	51,929	2,550	54,479

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	12,968	(6,338)
Income tax paid	(529)	(284)
Interest received	30	7
<b>Net cash generated from/(used in) operating activities</b>	<b>12,469</b>	<b>(6,615)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	197	127
Purchase of property, plant and equipment	(1,226)	(1,176)
Changes in pledged bank deposits	(3,719)	156
<b>Net cash used in investing activities</b>	<b>(4,748)</b>	<b>(893)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(759)	(514)
Proceeds from bank borrowings	14,939	22,497
Repayments of bank and other borrowings	(17,538)	(21,109)
Repayments of obligations under leases	(453)	(341)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,811)</b>	<b>533</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,910</b>	<b>(6,975)</b>
Cash and cash equivalents at beginning of the period	16,864	13,459
Exchange difference for bank balance not denominated in S\$	(2)	—*
<b>Cash and cash equivalents at end of the period</b>	<b>20,772</b>	<b>6,484</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at banks and on hand	20,772	7,581
Bank overdrafts	—	(1,097)
	<b>20,772</b>	<b>6,484</b>

\* Less than S\$1,000

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Condensed Consolidated Interim Financial Statements

## 1 GENERAL INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 15 May 2019 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. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is 37 Kranji Link, Singapore 728643.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in carrying out civil engineering projects in Singapore. The ultimate holding company of the Company is WG International (BVI) Limited (“**WGI BVI**”), a company incorporated in the British Virgin Islands (“**BVI**”) and the ultimate controlling parties of the Group are Mr. Ng Tian Soo, Mr. Ng Tian Kew, Mr. Ng Tian Fah, Ms. Ng Mei Lian, and Mr. Chai Kwee Lim (collectively the “**Controlling Shareholders**”).

These unaudited condensed consolidated interim financial statements are presented in Singapore Dollar (“**S\$**”). All values are rounded to the nearest thousand except when otherwise indicated.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 is prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financing Reporting” issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The unaudited condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2022.

The interim financial report is unaudited. The accounting policies and methods of computation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022, except for the application of new and amendments to International Financial Reporting Standards (“**IFRSs**”) effective as at 1 January 2023. The application of the new and amendments to IFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or the disclosures set out in the unaudited condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

## 2 BASIS OF PREPARATION (CONTINUED)

The Group has not early applied the new and amendments to IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the related impact to the Group that are relevant to the Group. According to the preliminary assessment made, the directors of the Company do not anticipate any significant impact on the Group's financial position 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 review 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 profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the general construction of civil engineering projects through the operating companies in Singapore. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the operating companies as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities, other than those of certain joint ventures, are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis was presented.

For the six months ended 30 June 2023, there were 3 customers (six months ended 30 June 2022: 2 customers) which individually contributed to over 10% of the Group's total revenue. Revenue generated from these customers for the six months ended 30 June 2023 and 2022 are summarised below:

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Customer 1	10,923	8,396
Customer 2	6,315	29,269
Customer 3	4,657	1,278*

\* The revenue contributed by the customer for the six months ended 30 June 2022 did not exceed 10% of the Group's total revenue.

## Notes to the Condensed Consolidated Interim Financial Statements

**4 REVENUE**

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following streams of revenue:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contract works	<b>37,574</b>	47,520
Road milling and resurfacing services	<b>5,957</b>	3,151
Ancillary support and other services	<b>1,776</b>	1,080
Sale of goods and milled waste	<b>794</b>	720
	<b>46,101</b>	52,471
Revenue recognised:		
Over time	<b>45,307</b>	51,751
At point in time	<b>794</b>	720
	<b>46,101</b>	52,471

## Notes to the Condensed Consolidated Interim Financial Statements

## 5 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Other income:		
Rental income from investment properties	34	33
Rental income from a property (Note (a))	164	164
Government grants (Note (b))	103	812
Workplace safety and health awards	24	36
Others	3	70
	<b>328</b>	1,115
Other gains, net:		
Gain/(loss) on foreign exchange difference, net	—*	—*
Gain on disposal of property, plant and equipment, net	79	116
Loss on write off of property, plant and equipment, net	—*	(9)
	<b>79</b>	107
	<b>407</b>	1,222

\* Less than S\$1,000

Notes:

- (a) A property acquired during the year ended 31 December 2021 comprises a portion that was held to earn rentals. The management views that the portion could not be sold separately and the portion held for rental income is insignificant. The property is mainly used as warehouse of the Group, therefore it is classified as property, plant and equipment.
- (b) For the six months ended 30 June 2023, government grants mainly included Enterprise Development Grant by Enterprise Singapore of approximately S\$40,480.

For the six months ended 30 June 2022, government grants mainly included Foreign Worker Levy Rebate of approximately S\$553,000 from the Singapore Government for supporting the development of construction industry and was ceased after June 2022.

These incentives were granted in the form of a cash payout and there were not unfulfilled conditions or contingencies relating to these grants during the six months ended 30 June 2023 (six months ended 30 June 2022: Same).

## Notes to the Condensed Consolidated Interim Financial Statements

**6 OPERATING PROFIT**

Operating profit for the period is stated after charging/(crediting) the following:

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
Raw material and consumables used (Note)	<b>5,992</b>	6,230
Subcontracting charges (Note)	<b>12,748</b>	19,629
Site expense (Note)	<b>1,661</b>	1,492
Auditor's remuneration	<b>98</b>	102
Depreciation of property, plant and equipment (Note) (Note 11)	<b>2,732</b>	2,690
Depreciation of right-of-use assets (Note) (Note 23 (ii))	<b>473</b>	362
Employee benefit expenses, including directors' emoluments (Note) (Note 7)	<b>13,468</b>	13,573
Insurance expenses (Note)	<b>469</b>	543
Expenses relating to short-term leases and low value assets (Note) (Note 23 (ii))	<b>14</b>	38
Reversal of provision for onerous contract (Note)	<b>–</b>	(310)

Note:

Amounts are included in cost of sales.

## Notes to the Condensed Consolidated Interim Financial Statements

**7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS**

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Wages, salaries and bonuses	10,995	11,160
Foreign workers levy	1,612	1,600
Retirement benefit costs — defined contribution plans (Note)	543	451
Staff benefits	318	362
	<b>13,468</b>	13,573
Cost of sales	10,348	10,356
Administrative expenses	3,120	3,217
	<b>13,468</b>	13,573

Note:

Defined contribution plan represent central provident fund (“CPF”) which is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, an employer is obliged to make CPF contributions with 5% to 20% of wage for all employees who are Singapore citizens or permanent residents of Singapore. CPF contributions are not applicable for foreigners.



## Notes to the Condensed Consolidated Interim Financial Statements

## 8 FINANCE INCOME AND FINANCE COSTS

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
<b>Finance income</b>		
Interests from:		
— Bank deposits	14	7
— Pledged bank deposits	16	—*
	30	7
<b>Finance costs</b>		
Interests on:		
— Bank and other borrowings	682	435
— Lease liabilities	77	79
— Unwinding of discount of reinstatement costs	12	11
	771	525

\* Less than S\$1,000

## Notes to the Condensed Consolidated Interim Financial Statements

## 9 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
<b>Current tax</b>		
— Current period — Singapore (Note (d))	782	600
— Under-provision in prior years	—*	—
<b>Deferred tax</b>		
— Current period	(215)	59
<b>Income tax expense</b>	<b>567</b>	<b>659</b>

\* Less than S\$1,000

Notes:

- Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.
- No provision for income tax in BVI has been made as the Company's subsidiaries had no assessable income in BVI during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).
- Hong Kong Profits Tax had not been provided for as the Company and its subsidiaries had no assessable profit in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).
- The Group mainly operates in Singapore. Income tax had been provided at the applicable tax rate of 17% (six months ended 30 June 2022: Same) of Singapore on the estimated assessable profits during the six months ended 30 June 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

**10 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>For the six months ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
<b>Earnings:</b>		
Profit for the period attributable to the equity holders of the Company (S\$'000)	<b>448</b>	1,220
<b>Number of shares:</b>		
Weighted average number of ordinary shares (in thousand)	<b>1,064,000</b>	1,064,000

For the six months ended 30 June 2023 and 2022, the number of shares used for the purpose of calculating basic earnings per share represents the weighted average of 1,064,000,000 ordinary shares in issue during the period.

Diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2023 (six months ended 30 June 2022: Same).

## Notes to the Condensed Consolidated Interim Financial Statements

## 11 PROPERTY, PLANT AND EQUIPMENT

	Properties (Note (i)) S\$'000	Motor Vehicles (Note (ii)) S\$'000	Computers, office equipment and furniture and fittings S\$'000	Plant and machinery (Note(ii)) S\$'000	Renovation S\$'000	Total S\$'000
<b>Period ended 30 June 2023 (Unaudited)</b>						
Opening net book amount	14,089	4,515	137	4,019	125	22,885
Additions	–	881	148	1,008	61	2,098
Written off	–	–	–	–*	–*	–*
Disposals	–	(28)	–	(90)	–	(118)
Depreciation	(942)	(719)	(70)	(979)	(22)	(2,732)
Closing net book amount	13,147	4,649	215	3,958	164	22,133
<b>At 30 June 2023</b>						
Cost	23,622	15,777	1,312	16,921	913	58,545
Accumulated depreciation	(10,475)	(11,128)	(1,097)	(12,963)	(749)	(36,412)
Net book amount	13,147	4,649	215	3,958	164	22,133
<b>Year ended 31 December 2022 (Audited)</b>						
Opening net book amount	15,395	3,361	187	4,494	159	23,596
Additions	–	2,520	131	2,045	18	4,714
Written off	–*	–*	(2)	(10)	–	(12)
Disposals	–	(53)	(6)	(8)	–	(67)
Depreciation	(1,306)	(1,313)	(173)	(2,502)	(52)	(5,346)
Closing net book amount	14,089	4,515	137	4,019	125	22,885
<b>At 31 December 2022</b>						
Cost	23,622	15,091	1,164	16,361	856	57,094
Accumulated depreciation	(9,533)	(10,576)	(1,027)	(12,342)	(731)	(34,209)
Net book amount	14,089	4,515	137	4,019	125	22,885

\* Less than S\$1,000

## Notes to the Condensed Consolidated Interim Financial Statements

**11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Notes:

- (i) As at 30 June 2023, these properties are held by the Group with underlying leasehold land under the lease terms of approximately 14 to 35 years (31 December 2022: Same). The relevant leasehold land is classified as right-of-use assets (Note 23).
- (ii) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(i).

Depreciation of the Group's property, plant and equipment has been charged to the unaudited condensed consolidated statement of comprehensive income as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	2022 S\$'000 (Unaudited)
Cost of sales	2,451	2,394
Administrative expenses	281	296
	<b>2,732</b>	2,690

As at 30 June 2023, the properties of the Group with net carrying amount of approximately S\$13,147,000 (31 December 2022: S\$14,089,000) were pledged to secure the bank borrowings of the Group (Note 24).

As at 30 June 2023, motor vehicles and plant and machinery with carrying amount of approximately S\$2,847,000 and S\$2,429,000 respectively (31 December 2022: S\$2,878,000 and S\$2,386,000 respectively) held by the Group were pledged for certain bank and other borrowings. The related assets were pledged as security for the related financing (Note 24).

# Notes to the Condensed Consolidated Interim Financial Statements

## 12 INVESTMENT PROPERTIES

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Beginning of the period/year	2,265	1,985
Fair value gain recognised in consolidated statement of comprehensive income	–	280
End of the period/year	2,265	2,265

Independent valuations of the Group's investment properties were performed by Knight Frank Pte Ltd, a qualified valuer, to determine the fair value of the investment properties as at 31 December 2022. For the purpose of interim report, management expects that the fair value of investment properties did not materially change and full year valuation will be done for 31 December 2023.

As at 30 June 2023, the investment properties of the Group with fair value of approximately S\$2,265,000 (31 December 2022: Same) were pledged to secure the bank borrowings of the Group (Note 24).

## Notes to the Condensed Consolidated Interim Financial Statements

**12 INVESTMENT PROPERTIES (CONTINUED)**

The investment properties are leased to certain independent third party (Note 5). The following amounts were recognised in the unaudited condensed consolidated statement of comprehensive income:

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
Rental income	34	33
Direct operating expenses	(14)	(31)
	<b>20</b>	<b>2</b>

Details of the Group's investment properties as at 30 June 2023 (31 December 2022: Same) are as follows:

<b>Location</b>	<b>Description/ existing use</b>	<b>Tenure</b>
25 Woodlands Industrial Park E1 #02-01 Admiralty Industrial Park, Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995
31 Mandai Estate, #05-04/05 Innovation Place, Singapore 729933	2 amalgamated flatted factory units	Freehold

## Notes to the Condensed Consolidated Interim Financial Statements

## 13 INVESTMENTS IN JOINT VENTURES

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Beginning of the period/year	3,623	4,084
Share of loss for the period/year, net of tax	(455)	(179)
Share of other comprehensive income/(loss) for the period/year, net of tax	127	(282)
End of the period/year	3,295	3,623

Set out below are the joint ventures of the Group. These joint ventures have share capital consisting solely of ordinary shares, which are held indirectly through subsidiaries of the Group. The country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
SWG Alliance Pte. Ltd. ("SWG") and its subsidiaries (Note (i))	Singapore	40	40
Futurus Construction Pte. Ltd. ("Futurus") (Note (ii))	Singapore	40	40

Notes:

- (i) SWG is an investment holding company. The principal activities of its subsidiaries are manufacture of precast concrete, cement or artificial stone articles and manufacture of asphalt and quarry products.
- (ii) Futurus is principally engaged in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.



## Notes to the Condensed Consolidated Interim Financial Statements

**13 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures for the six months ended 30 June 2023 (31 December 2022: Same).

The summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

All the joint ventures are accounted for using the equity method in these unaudited condensed consolidated interim financial statements.

	<b>SWG and its subsidiaries</b>	
	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
<b>Summarised statement of financial position</b>		
Current assets	6,791	6,950
Non-current assets	4,894	5,960
Current liabilities	(3,675)	(3,880)
Non-current liabilities	(558)	(690)
<b>Net assets</b>	<b>7,452</b>	<b>8,340</b>
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,541	1,488
Current financial liabilities (excluding trade and other payables and provisions)	(219)	(242)
Non-current financial liabilities (excluding trade and other payables and provisions)	(102)	(690)

## Notes to the Condensed Consolidated Interim Financial Statements

## 13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

	<b>SWG and its subsidiaries</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Summarised statement of comprehensive loss for the period</b>		
Revenue	3,212	3,169
Loss for the period	(1,205)	(770)
Other comprehensive income for the period	317	186
<b>Total comprehensive loss for the period</b>	<b>(888)</b>	(584)
<b>Attributable to:</b>		
— Equity owners of joint venture	(804)	(536)
— Non-controlling interests	(84)	(48)
	<b>(888)</b>	(584)
The above loss for the period includes the followings:		
Depreciation and amortisation	(364)	(250)
Interest expense	(9)	(11)
Income tax expense	(49)	(17)

## Notes to the Condensed Consolidated Interim Financial Statements

## 13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

	Futurus	
	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<b>Summarised statement of financial position</b>		
Current assets	146	162
Non-current assets	7	14
Current liabilities	(7)	(13)
Net assets	146	163
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	124	100
Current financial liabilities (excluding trade and other payables and provisions)	–	(3)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–

## Notes to the Condensed Consolidated Interim Financial Statements

## 13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

	Futurus For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
<b>Summarised statement of comprehensive loss for the period</b>		
Revenue	16	253
Loss for the period	(17)	(30)
Other comprehensive income for the period	–	–
<b>Total comprehensive loss for the period</b>	<b>(17)</b>	<b>(30)</b>
<b>Attributable to:</b>		
— Equity owners of joint venture	(17)	(30)
— Non-controlling interest	–	–
	(17)	(30)
The above loss for the period includes the followings:		
Depreciation and amortisation	(7)	(22)
Interest expense	–*	–*

\* Less than S\$1,000

## Notes to the Condensed Consolidated Interim Financial Statements

**13 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

Reconciliation of summarised financial information to the carrying amount of the investment in joint ventures recognised in the unaudited condensed consolidated interim financial statements:

	<b>SWG and its subsidiaries</b>	
	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	<b>As at 31 December 2022 S\$'000 (Audited)</b>
Opening net assets	<b>8,340</b>	9,878
Loss for the period/year	<b>(888)</b>	(1,538)
Closing net assets	<b>7,452</b>	8,340
Net assets attributable to non-controlling interests of the joint venture	<b>(626)</b>	(556)
Net assets attributable to the other joint venture partner	<b>4,841</b>	5,338
Net assets attributable to the Group	<b>3,237</b>	3,558
	<b>7,452</b>	8,340

## Notes to the Condensed Consolidated Interim Financial Statements

**13 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

	<b>Futurus</b>	
	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Opening net assets	<b>163</b>	183
Loss for the period/year	<b>(17)</b>	(20)
Closing net assets	<b>146</b>	163
Net assets attributable to the other joint venture partner	<b>88</b>	98
Net assets attributable to the Group	<b>58</b>	65
	<b>146</b>	163

## Notes to the Condensed Consolidated Interim Financial Statements

## 14 OTHER FINANCIAL ASSETS

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Financial assets measured at FVTPL		
— Key management insurance contract	88	88

In 2018, the Group entered into a life insurance policy with an insurance company to insure one of the senior management of the Company. The total sum insured is approximately S\$391,200. The Group is the policy holder and beneficiary of the policy. The Group has paid a one-off premium of S\$109,000 in 2018. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal (“**Cash Value**”), which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged. If such withdrawal is made at any time during the first to the 65th policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company will pay the Group an interest on the outstanding Cash Value at the prevailing interest rate fixed by the insurance company and a minimum guaranteed interest of 0.8% per annum up to the 25th policy year guaranteed by the insurance company and accumulated in the surrender value until the termination of the policy.

As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to the 65th policy year for the insurance policy and the expected life of the policies remained unchanged from the initial recognition.

The life insurance policy is denominated in S\$.

## Notes to the Condensed Consolidated Interim Financial Statements

## 15 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<b>Financial assets</b>		
Carried at fair value:		
Other financial assets	88	88
Carried at amortised cost:		
Trade receivables	7,562	8,216
Deposits and other receivables, excluding prepayments	1,678	1,423
Pledged bank deposits	5,188	1,469
Cash at banks and on hand	20,772	16,864
	<b>35,200</b>	27,972
<b>Financial liabilities</b>		
Carried at amortised cost:		
Trade and retention payables	10,734	14,833
Accruals and other payables, excluding staff cost payables, provisions and goods and services payables	1,045	1,307
Bank and other borrowings	30,321	32,047
	<b>42,100</b>	48,187
<b>Other financial liabilities</b>		
Lease liabilities	4,042	3,593



## Notes to the Condensed Consolidated Interim Financial Statements

**16 INVENTORIES**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Raw materials and consumables	<b>1,269</b>	1,135

The cost of inventories recognised as expense and included in “cost of sales” amounted to approximately S\$5,992,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: S\$6,230,000).

No inventories were written off during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

**17 TRADE RECEIVABLES**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Trade receivables		
— Third parties	<b>7,802</b>	8,386
— Related parties (Note 27 (b)(i))	<b>27</b>	4
	<b>7,829</b>	8,390
Less: Allowance for impairment	<b>(267)</b>	(174)
Trade receivables — net	<b>7,562</b>	8,216

The Group’s credit terms granted to third-party customers are generally 30 to 45 days.

# Notes to the Condensed Consolidated Interim Financial Statements

## 17 TRADE RECEIVABLES (CONTINUED)

The ageing analysis of the trade receivables at gross amount, presented based on invoice date at the end of the reporting period, was as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Less than 30 days	1,915	6,932
31-60 days	3,404	701
61-90 days	844	141
91-120 days	1,335	30
121-365 days	54	288
More than 1 year	277	298
	<b>7,829</b>	<b>8,390</b>

Movement in the allowance for impairment of trade receivables was as follows:

	Lifetime ECL — not credit impaired S\$'000	Lifetime ECL — credit impaired S\$'000	Total S\$'000
As at 1 January 2022	20	291	311
Impairment made	32	17	49
Impairment reversed	–	(185)	(185)
Impairment utilised	–	(1)	(1)
As at 31 December 2022 and 1 January 2023 (Audited)	<b>52</b>	<b>122</b>	<b>174</b>
Impairment made	<b>66</b>	<b>40</b>	<b>106</b>
Impairment reversed	<b>–</b>	<b>(13)</b>	<b>(13)</b>
As at 30 June 2023 (Unaudited)	<b>118</b>	<b>149</b>	<b>267</b>

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9.

## Notes to the Condensed Consolidated Interim Financial Statements

**18 CONTRACT ASSETS/(LIABILITIES)**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Retention sum for contract works	<b>1,173</b>	1,059
Unbilled revenue of contracts	<b>39,118</b>	49,194
	<b>40,291</b>	50,253
Less: Allowance for impairment	<b>(126)</b>	(302)
Contract assets	<b>40,165</b>	49,951
Contract liabilities	<b>(510)</b>	(550)
Retention held by customers expected to be settled: To be recovered within 12 months	<b>1,173</b>	1,059

All contract assets and contract liabilities are mainly from contract works and road milling and resurfacing services. The changes in the contract assets and contract liabilities for the period/year were resulted from the pace of the progress of certain projects and the timing of approval for progress billing application for certain projects.

Retention sum for contract works are settled in accordance with the terms of the respective contracts. In the unaudited condensed consolidated statement of financial position, retention sum for contract works were classified as current assets based on operating cycle. Prior to expiration of the defect liability period, these are classified as contract assets, which ranges from one to five years from the date of the practical completion of the construction. The relevant amount of contract asset is unsecured and interest-free and reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period.

# Notes to the Condensed Consolidated Interim Financial Statements

## 18 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Contract assets represent the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle.

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9. Movement in the allowance for impairment of contract assets was as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Beginning of the period/year	302	821
Impairment reversed	(176)	(519)
End of the period/year	126	302

Revenue recognised in relation to contract liabilities:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Revenue recognised in current period/year that was included in the contract liabilities balance at the beginning of the period/year	550	1,559

## Notes to the Condensed Consolidated Interim Financial Statements

**18 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)**

Unsatisfied performance obligations resulting from fixed-price long-term contracts were analysed as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	111,939	102,841
Expected to be recognised within one year	95,837	76,291
Expected to be recognised after one year	16,102	26,550
	<b>111,939</b>	<b>102,841</b>

**19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Other receivables		
— Third parties	161	186
Loan to a joint venture (Note 27(b)(iii))	600	600
Deposits (Note (a))	917	637
Prepayments (Note (b))	674	1,007
	<b>2,352</b>	<b>2,430</b>

Notes:

- (a) As at 30 June 2023, deposits mainly composed of rental deposits for properties and motor vehicles, and deposits paid for project expenses (31 December 2022: Same).
- (b) As at 30 June 2023, prepayments mainly composed of prepaid project insurance and performance bond insurance (31 December 2022: Same).

## Notes to the Condensed Consolidated Interim Financial Statements

**20 PLEDGED BANK DEPOSITS AND CASH AT BANKS AND ON HAND**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Cash at banks	<b>20,699</b>	16,789
Cash on hand	<b>73</b>	75
	<b>20,772</b>	16,864
Pledged bank deposits	<b>5,188</b>	1,469
	<b>25,960</b>	18,333

As at 30 June 2023, bank deposits of approximately S\$5,188,000 (31 December 2022: S\$1,469,000) were mainly pledged for bank borrowings (Note 24) of the Group with maturity of three months to one year (31 December 2022: Same). Such bank deposits carry interest at market rates which range from 1% to 3.50% (31 December 2022: 0.02% to 3.30%) per annum.

## Notes to the Condensed Consolidated Interim Financial Statements

**21 TRADE AND RETENTION PAYABLES**

The average credit period granted for creditors was 30 days.

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Trade payables		
— Third parties	10,621	14,612
— Related parties (Note 27(b)(iii))	4	56
	<b>10,625</b>	14,668
Retention payables		
— Third parties	109	165
	<b>10,734</b>	14,833

The ageing analysis of the trade payables, presented based on invoice date at the end of the reporting period, was as follows:

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
Less than 30 days	9,636	11,906
31–60 days	526	1,025
61–90 days	175	410
91–120 days	129	455
121–365 days	94	815
More than one year	65	57
	<b>10,625</b>	14,668

As at 30 June 2023, retention payables of approximately S\$109,000 (31 December 2022: S\$165,000) were expected to be settled within twelve months after the end of the reporting period.

## Notes to the Condensed Consolidated Interim Financial Statements

**22 ACCRUALS, OTHER PAYABLES AND PROVISIONS**

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<i>Current</i>		
Other payables	304	435
Accruals for operating expenses	3,049	2,653
Deposits received — refundable	281	261
Goods and services tax payables	1,328	792
Provisions	433	433
	<b>5,395</b>	4,574
<i>Non-current</i>		
Provisions	657	645

Current provisions mainly represented provision for leave entitlement and onerous contract. Non-current provision represented provision for repair works to be incurred after the completion of contract works and provision for reinstatement costs for a property with a fixed land lease classified as property, plant and equipment (Note 11).



## Notes to the Condensed Consolidated Interim Financial Statements

**22 ACCRUALS, OTHER PAYABLES AND PROVISIONS (CONTINUED)**

Movements in provisions classified as current liabilities were as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
<b>Provision for leave entitlement</b>		
Beginning of the period/year	433	633
Provision reversed	–	(200)
End of the period/year	433	433
<b>Provision for onerous contract</b>		
Beginning of the period/year	–	310
Provision reversed	–	(310)
End of the period/year	–	–
	<b>433</b>	<b>433</b>

The provision for onerous contract represented the unavoidable costs of fulfilling certain contract work with customer that were in excess of the economic benefits expected to be received under the contract.

As at 31 December 2021, the management consider that the provision for onerous contract of approximately S\$310,000 related to the estimated cost of contract works agreed to be carried out for two projects over the economic benefit to be obtained from them, being unavoidable of meeting the obligations. During the year ended 31 December 2022, such provision was reversed. As at 31 December 2022, the anticipated expenditures have been incurred throughout the performance of the contract works.

# Notes to the Condensed Consolidated Interim Financial Statements

## 22 ACCRUALS, OTHER PAYABLES AND PROVISIONS (CONTINUED)

Movements in provision classified as non-current liabilities were as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Provision for repair works on contract works		
Beginning of the period/year	245	328
Provision reversed	–	(83)
End of the period/year	245	245
Provision for reinstatement costs		
Beginning of the period/year	400	378
Unwinding of discount (Note 8)	12	22
End of the period/year	412	400
	657	645

## 23 LEASES

The Group leases land and office equipment. Rental contracts are typically made for fixed periods of 2 to 35 years (31 December 2022: Same). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for other borrowing purposes.

Variable lease payment of land, initially measured using the rate at the commencement date, will be revised based on market rent prevailing every year but each increase shall not exceed 5.5% of the annual rent for each immediate preceding year. The Group reassesses the right-to-use assets when the lease payment is revised.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

## Notes to the Condensed Consolidated Interim Financial Statements

**23 LEASES (CONTINUED)**

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

**(i) Amounts recognised in the unaudited condensed consolidated statement of financial position**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
<i>Right-of-use assets</i>		
Land	3,816	3,377
Office equipment	79	90
	<b>3,895</b>	3,467
<i>Lease liabilities</i>		
Current	1,045	522
Non-current	2,997	3,071
	<b>4,042</b>	3,593

Additions to the right-of-use assets for the six months ended 30 June 2023 were approximately S\$881,000 (31 December 2022: S\$56,000) and the revision to the right-of-use assets were approximately S\$20,000 (31 December 2022: S\$73,000) in respect of change to reflect changes in market rental rates following a market rent review.

## Notes to the Condensed Consolidated Interim Financial Statements

**23 LEASES (CONTINUED)****(i) Amounts recognised in the unaudited condensed consolidated statement of financial position (Continued)**

As at 30 June 2023, leasing arrangements from bank and non-financial institution are presented together with bank and other borrowings (Note 24). Details of such leasing arrangements are as below:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Current	1,759	1,675
Non-current	2,207	2,424
	<b>3,966</b>	4,099

Information about right-of-use assets classified within property, plant and equipment (Note 11) is disclosed as follows:

	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
<b>Period ended 30 June 2023 (Unaudited)</b>			
Opening net book amount	2,878	2,386	5,264
Additions	437	565	1,002
Lease arrangements fully paid	(107)	(110)	(217)
Depreciation	(361)	(412)	(773)
Closing net book amount	2,847	2,429	5,276
<b>As 30 June 2023</b>			
Cost	4,393	4,094	8,487
Accumulated depreciation	(1,546)	(1,665)	(3,211)
Net book amount	2,847	2,429	5,276

## Notes to the Condensed Consolidated Interim Financial Statements

**23 LEASES (CONTINUED)****(i) Amounts recognised in the unaudited condensed consolidated statement of financial position (Continued)**

	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
<b>Year ended 31 December 2022</b>			
<b>(Audited)</b>			
Opening net book amount	2,452	2,179	4,631
Additions	1,406	1,333	2,739
Lease arrangements fully paid	(384)	(499)	(883)
Depreciation	(596)	(627)	(1,223)
Closing net book amount	2,878	2,386	5,264
<b>As 31 December 2022</b>			
Cost	4,353	3,874	8,227
Accumulated depreciation	(1,475)	(1,488)	(2,963)
Net book amount	2,878	2,386	5,264

During the six months ended 30 June 2023, no early termination of lease was incurred, resulting in the derecognition of the carrying amounts of right-of-use assets and lease liabilities (31 December 2022: S\$3,000 and S\$3,000 respectively).

The weighted average of the lease's incremental borrowing rates applied by the Group ranged from 2.35% to 4.56% (31 December 2022: Same) per annum.

## Notes to the Condensed Consolidated Interim Financial Statements

**23 LEASES (CONTINUED)****(ii) Amounts recognised in the unaudited condensed consolidated statement of comprehensive income**

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
<b>Depreciation charge of right-to-use assets</b>		
Land	462	358
Office equipment	11	4
	<b>473</b>	<b>362</b>
Interest expense (represented by interests on lease liabilities) (Note 8)	77	79
Interest expense (included in interests on bank and other borrowings) (Note 8)	75	53
Expenses relating to short-term leases and low value assets (Note 6)	14	38
	<b>166</b>	<b>170</b>

## Notes to the Condensed Consolidated Interim Financial Statements

**23 LEASES (CONTINUED)****(ii) Amounts recognised in the unaudited condensed consolidated statement of comprehensive income (Continued)**

Depreciation of the Group's right-to-use assets has been charged to the unaudited condensed consolidated statement of comprehensive income as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
Cost of sales	435	325
Administrative expenses	38	37
	<b>473</b>	<b>362</b>

The total cash outflow for leases, excluding expenses relating to short-term leases and low value assets during the six months ended 30 June 2023 were approximately S\$530,000 (six months ended 30 June 2022: S\$420,000).

During the six months ended 30 June 2023, there were approximately S\$1,005,000 (31 December 2022: S\$1,497,000) included in repayments of bank and other borrowings and approximately S\$453,000 (31 December 2022: S\$677,000) were presented as principal element of lease payments.

## Notes to the Condensed Consolidated Interim Financial Statements

## 24 BANK AND OTHER BORROWINGS

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Borrowings from bank — secured	29,639	31,256
Borrowings from non-bank financial institution — secured	682	791
	<b>30,321</b>	32,047

As at 30 June 2023, the Group's bank borrowings with carrying amount of approximately S\$21,591,000 (31 December 2022: S\$13,861,000) were variable-rate borrowings which carried annual interest ranging from 4.22% to 6.25% (31 December 2022: 1.44% to 6.40%) per annum.

The Group's borrowings, after taking into account of repayable on demand clause, would be repayable as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Within 1 year or on demand	28,114	29,623
After 1 year but within 2 years	1,211	1,265
After 2 years but within 5 years	996	1,159
	<b>30,321</b>	32,047



## Notes to the Condensed Consolidated Interim Financial Statements

**24 BANK AND OTHER BORROWINGS (CONTINUED)**

As at 30 June 2023, approximately S\$3,966,000 (31 December 2022: S\$4,099,000) of the borrowings were financed under hire purchase commitments which are accounted for under IFRS 16. The carrying amounts of related motor vehicles and plant and machinery of approximately S\$2,847,000 and S\$2,429,000 (31 December 2022: S\$2,878,000 and S\$2,386,000), respectively, held under hire purchase commitments were pledged as security for the hire purchase commitments (Note 11).

As at 30 June 2023, the Group's bank borrowings were secured by the investment properties (Note 12), self-occupied properties (Note 11), carrying amount of motor vehicles and plant and machinery held under hire purchase commitments (Note 11), pledged bank deposits (Note 20) and corporate guarantee by the Company (31 December 2022: Same).

The weighted average interest rate was 4.44% as at 30 June 2023 (31 December 2022: 2.86%).

**25 SHARE CAPITAL**

	Par value HK\$	No. of shares	Share capital HK\$'000
<b>Authorised:</b>			
At 31 December 2022 (Audited)	0.01	2,000,000,000	20,000
At 30 June 2023 (Unaudited)	0.01	2,000,000,000	20,000
	No. of shares	HK\$'000	S\$'000
<b>Issued and fully paid:</b>			
At 31 December 2022 (Audited)	1,064,000,000	10,640	1,915
At 30 June 2023 (Unaudited)	1,064,000,000	10,640	1,915

# Notes to the Condensed Consolidated Interim Financial Statements

## 26 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 27 RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies were related parties that had transactions or balances with the Group during the six months ended 30 June 2023:

<b>Name of the related party</b>	<b>Relationship with the Group through:</b>
Eastern Green Power Pte Ltd	Significant influence by NTS
Futurus Construction Pte Ltd	Joint venture of the Group
Geenet Pte Ltd	Significant influence by Mr. Ng Choon Wee, son of NTS
SWG Alliance Pte Ltd	Joint venture of the Group
SWG Resources Sdn Bhd	Wholly owned subsidiary by a joint venture of the Group
Tong Seng Concrete Products Trading Pte Ltd	Wholly owned subsidiary by a joint venture of the Group
WGM Resources Sdn Bhd	Significant influence by NTS, NTK, Ms. Phang May Lan and Mr. Chen Teck Men

## Notes to the Condensed Consolidated Interim Financial Statements

**27 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Transactions with related parties**

	<b>For the six months ended 30 June</b>	
	<b>2023 S\$'000 (Unaudited)</b>	<b>2022 S\$'000 (Unaudited)</b>
Sale/(return) of goods to/(from)		
Eastern Green Power Pte Ltd (Note)	(17)	–
Futurus Construction Pte Ltd	2	1
Geenet Pte Ltd	1	1
Ancillary support services to		
Eastern Green Power Pte Ltd (Note)	22	–
Futurus Construction Pte Ltd	18	16
Sub-contracting charges from		
Futurus Construction Pte Ltd	(6)	(12)
Raw materials and consumables from		
Tong Seng Concrete Products Trading Pte Ltd	(38)	(24)
Transportation and vehicle expenses from		
Futurus Construction Pte Ltd	(6)	(12)
Other operating expenses from		
Futurus Construction Pte Ltd	(1)	–
Geenet Pte Ltd	(12)	(13)

# Notes to the Condensed Consolidated Interim Financial Statements

## 27 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with related parties (Continued)

Note:

This related party is a company which is 34.3% owned by NTS, an executive Director and one of the Controlling Shareholders, and such related party transaction constitutes connected transactions as defined in Chapter 14A of the Listing Rules. However, this is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

### (b) Balances with related parties

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
(i) <i>Trade receivables</i>		
Eastern Green Power Pte Ltd	23	–
WGM Resources Sdn Bhd	4	4
	<b>27</b>	<b>4</b>
(ii) <i>Loans to a joint venture — Non-trade</i>		
SWG Alliance Pte Ltd	600	600

## Notes to the Condensed Consolidated Interim Financial Statements

**27 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Balances with related parties (Continued)**

	<b>As at 30 June 2023 S\$'000 (Unaudited)</b>	As at 31 December 2022 S\$'000 (Audited)
<i>(iii) Trade payables</i>		
Futurus Construction Pte Ltd	–	39
Geenet Pte Ltd	4	4
Tong Seng Concrete Products Trading Pte Ltd	–	13
	<b>4</b>	<b>56</b>

- (c)** All balances with related parties were unsecured, interest-free, repayable on demand and denominated in S\$ during the six months ended 30 June 2023 (31 December 2022: Same).

Except for loan to a joint venture, which is unsecured, interest-free, repayment on demand and denominated in S\$, other receivables and payables are trade in nature and will be settled in accordance with the terms of the arrangement.

Transactions with related parties were conducted in the normal course of business at prices and at terms as agreed by the transacting parties.

# Notes to the Condensed Consolidated Interim Financial Statements

## 27 RELATED PARTY TRANSACTIONS (CONTINUED)

- (d) As at 30 June 2023, the Group's bank borrowings were secured by corporate guarantee by the Company (31 December 2022: Same). As at 30 June 2023, certain other borrowings of the Group were secured by the personal guarantees by shareholders of one of the subsidiaries of the Company (31 December 2022: Same)
- (e) As at 30 June 2023, the Group's performance bonds issued by insurance companies and bank were secured by corporate guarantees by the Company, in exception to personal guarantees to an insurance company provided by the directors of the subsidiary NTS, NTF and NTK (31 December 2022: Same).
- (f) **Key management compensation**  
Key management includes both executive and non-executive directors of the Company. The compensation paid or payable to key management was disclosed in Note 29 to the unaudited condensed consolidated interim financial statements.

## 28 CONTINGENCIES

The Group had performance bonds for guarantees of completion of projects issued by insurance companies and banks amounting to approximately S\$13,050,000 as at 30 June 2023 (31 December 2022: S\$12,930,000).

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S\$945,000 as at 30 June 2023 (31 December 2022: S\$1,540,000).

## Notes to the Condensed Consolidated Interim Financial Statements

## 29 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

### (a) Directors' emoluments

The remunerations of the directors for the six months ended 30 June 2023 is set out below:

	Fee S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Retirement benefit — defined contribution plans S\$'000	Total S\$'000
<b>For the six months ended 30 June 2023 (Unaudited)</b>					
<i>Executive directors</i>					
Ng Tian Soo	–	290	–	4	294
Ng Tian Fah	–	245	–	6	251
<i>Independent non-executive directors</i>					
Gary Ng Sin Tong	10	–	–	–	10
Lee Wing Yin Jessica	10	–	–	–	10
George Christopher Holland	10	–	–	–	10
	30	535	–	10	575

## Notes to the Condensed Consolidated Interim Financial Statements

**29 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (CONTINUED)**

**(a) Directors' emoluments (Continued)**

The remunerations of the directors for the six months ended 30 June 2022 is set out below:

	Fee S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Retirement benefit — defined contribution plans S\$'000	Total S\$'000
<b>For the six months ended</b>					
<b>30 June 2022 (Unaudited)</b>					
<i>Executive directors</i>					
Ng Tian Soo	10	290	–	4	304
Ng Tian Fah	–	245	–	6	251
<i>Independent non-executive directors</i>					
Gary Ng Sin Tong	10	–	–	–	10
Lee Wing Yin Jessica	10	–	–	–	10
George Christopher Holland	10	–	–	–	10
	40	535	–	10	585



# Notes to the Condensed Consolidated Interim Financial Statements

## 29 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (CONTINUED)

### (a) Directors' emoluments (Continued)

The directors' emoluments shown above are for their services for the Company.

Ng Tian Soo is the chairman and executive director of the Company and his emoluments disclosed above include those for services rendered by him as the chairman and executive director.

\* The discretionary bonus is an incentive based on individual performance which has been determined and approved by the remuneration committee.

### (b) Directors' retirement benefits

During the six months ended 30 June 2023, no retirement benefits were paid to or received by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (six months ended 30 June 2022: Nil).

### (c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### (d) Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### (e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by, and entities connected with, such directors

Save as disclosed in Note 27, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

# Notes to the Condensed Consolidated Interim Financial Statements

## **29 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (CONTINUED)**

### **(f) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## **30 SUBSEQUENT EVENTS**

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2023 and up to the date of this report.

# Management Discussion and Analysis

## INDUSTRY OVERVIEW

The demand for civil engineering utilities market in Singapore is expected to remain robust and experience steady growth throughout 2023. The construction prices are less volatile compared with 2022 and most of the building materials and subcontractors' prices are more stable. According to the Ministry of Trade and Industry Singapore ("MTI") announcement on 11 August 2023, the construction sector grew by 6.8% year-on-year, similar to the 6.9% recorded in the preceding quarter. Both public and private sector construction output rose during the quarter.

## BUSINESS REVIEW AND PROSPECT

The core business and revenue structure of the Group have remained unchanged for the six months ended 30 June 2023. The Group's operations, other than those of certain joint ventures, are located in Singapore and our revenue and profit from operations are solely derived from contract works rendered within Singapore. The Group is actively involved as a main contractor or subcontractor in both private and public sector projects and the revenue was principally derived from (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary support and other services; and (iv) sales of goods and milled waste. Additionally, the Group is exploring potential business opportunities of building materials trading in China.

While the civil engineering industry is expected to grow to pre-pandemic level, the Group expects operating conditions to remain challenging in 2023. For the six months ended 30 June 2023, the Group recorded a total revenue of approximately S\$46.1 million, representing a decrease of approximately S\$6.4 million from approximately S\$52.5 million for the six months ended 30 June 2022. The decrease in revenue was mainly due to lower revenue generated from contract works during the six months ended 30 June 2023 compared to the six months ended 30 June 2022. The civil engineering industry continues to be constrained by rising labour and raw materials costs and supply chain disruptions, which will put the industry under pressure to complete existing projects on time. In addition, the current interest rate environment is expected to raise the Group's cost of borrowing and consequently affect its overall margins. These unfavourable factors have affected the operations of the Group in Singapore.

Business strategies of the Group remained unchanged for the six months ended 30 June 2023. Looking ahead, the Group will (i) closely monitor the pace of market recovery from the COVID-19 and assess its impact on its operations continuously; (ii) continue to leverage its solid track record and proven expertise to tender for public and private sector projects; (iii) prioritise cash conservation; (iv) adopt tighten cost control measures; (v) actively participate in tendering for new projects to strengthen the Group's market position; and (vi) exercise caution when exploring business opportunities during this period.

# Management Discussion and Analysis

## ONGOING PROJECTS

As at 30 June 2023, the Group had 40 ongoing projects, including 37 ongoing power cable installation projects and three telecommunication cable installation projects with an aggregated contract sum of approximately S\$257.5 million, of which approximately S\$145.5 million has been recognised as revenue up to 30 June 2023 (31 December 2022: 40 ongoing projects, including 36 ongoing power cable installation projects and four telecommunication cable installation projects with an aggregated contract sum of approximately S\$267.0 million, of which approximately S\$164.2 million has been recognised as revenue). The remaining balance will be recognised as the Group's revenue in subsequent periods in accordance with the respective stage of completion.

## FINANCIAL REVIEW

Below is the financial review for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

### Revenue

The following table sets out the breakdown of the Group's revenue by goods and services types for the six months ended 30 June 2023 and 2022.

	For the six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue from contract works		
— Power	32,803	44,719
— Telecommunication	4,771	2,801
Subtotal	37,574	47,520
Road Milling and resurfacing services	5,957	3,151
Ancillary support and other services	1,776	1,080
Sales of goods and milled waste	794	720
Total	46,101	52,471

## Management Discussion and Analysis

Our revenue decreased by approximately S\$6.4 million from approximately S\$52.5 million for the six months ended 30 June 2022 to approximately S\$46.1 million for the six months ended 30 June 2023 representing a decrease of approximately 12.1%. This decrease was mainly attributable to:

- (i) decrease in revenue from contract works by approximately S\$10.0 million with combined effects of (a) the decrease in revenue from power cable installation projects by approximately S\$12.0 million was mainly due to lesser progress of the projects with revenue recognised during the six months ended 30 June 2023 compared to the six months ended 30 June 2022; and (b) the increase in revenue from telecommunication cable installation projects by approximately S\$2.0 million was due to substantial progress of three of the projects with revenue recognised for the six months ended 30 June 2023 compared to 30 June 2022;
- (ii) increase in revenue from road milling and resurfacing services by approximately S\$2.8 million;
- (iii) increase in revenue from ancillary support and other services by approximately S\$0.7 million due to increased revenue from leasing of vehicles; and
- (iv) slight increase in revenue from sales of goods and milled waste by approximately S\$0.1 million.

### Cost of sales

Our cost of sales decreased by approximately S\$6.7 million from approximately S\$45.6 million for the six months ended 30 June 2022 to approximately S\$38.9 million for the six months ended 30 June 2023, representing a decrease of approximately 14.6%, primarily as a result of the decrease in cost of sales was in line with the decrease in revenue as discussed above.

### Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$0.3 million from approximately S\$6.9 million for the six months ended 30 June 2022 to approximately S\$7.2 million for the six months ended 30 June 2023, while the Group's gross profit margin increased from approximately 13.2% for the six months ended 30 June 2022 to approximately 15.6% for the six months ended 30 June 2023. The increase in gross profit and gross profit margin was mainly due to the more-than-proportionate decrease in cost of sales of our Group.

# Management Discussion and Analysis

## Other income and other gains, net

Other income and other gains, net decreased by approximately S\$0.8 million from approximately S\$1.2 million for the six months ended 30 June 2022 to approximately S\$0.4 million for the six months ended 30 June 2023 was mainly due to cessation of Singapore Government support for Foreign Worker Levy Rebate after June 2022.

## Administrative expenses

Our administrative expenses decreased by approximately S\$0.3 million from approximately S\$5.2 million for the six months ended 30 June 2022 to approximately S\$4.9 million for the six months ended 30 June 2023. Such decrease was mainly attributable to (i) the decrease in professional fees of approximately S\$0.2 million; and (ii) the decrease in employee benefit costs of approximately S\$0.1 million.

## Reversal of impairment of trade receivables and contract assets

Reversal for impairment of trade receivables and contract assets increased by approximately S\$36,000 from approximately S\$47,000 for the six months ended 30 June 2022 to approximately S\$83,000 for the six months ended 30 June 2023. Such change was mainly attributed to (i) reversal of allowance for expected credit loss of contract assets by approximately S\$176,000 for the six months ended 30 June 2023; and (ii) increase in allowance for impairment of trade receivables by approximately S\$93,000 in relation to increase in trade receivables that were aged over 150 days for the six months ended 30 June 2023.

## Finance income

Finance income increased by approximately S\$23,000 from approximately S\$7,000 for the six months ended 30 June 2022 to approximately S\$30,000 for the six months ended 30 June 2023 which mainly represented interest income from deposit and pledged bank deposits.

## Finance costs

The finance costs represented interest expense relating to bank and other borrowings, lease liabilities and unwinding of discount of reinstatement costs. It increased by approximately S\$0.2 million from approximately S\$0.5 million for the six months ended 30 June 2022 to approximately S\$0.7 million for the six months ended 30 June 2023, mainly due to higher average interest rates for the six months ended 30 June 2023.

## Income tax expense

Income tax expense decreased by approximately S\$0.1 million for the six months ended 30 June 2023 compared to the six months ended 30 June 2022. Such decrease was mainly due to the decrease in assessable profit.

# Management Discussion and Analysis

## Profit for the period

As a result of the foregoing, our Group recorded a net profit of approximately S\$1.0 million for the six months ended 30 June 2023 as compared to the net profit of approximately S\$1.5 million for the six months ended 30 June 2022, representing a decrease of approximately S\$0.5 million.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company were successfully listed on Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 March 2020 by way of share offer and there has been no change in capital structure of the Group since then.

Our liquidity requirements are primarily attributable to our working capital for our business operations. Our principal sources of liquidity comprises of cash generated from our business operations, equity contribution from the shareholders and borrowings. As at 30 June 2023, the Company's issued share capital was HK\$10,640,000 and the number of issued shares of the Company was 1,064,000,000 ordinary shares of HK\$0.01 each.

As at 30 June 2023, the Group maintained a healthy liquidity position with net current asset balance and cash at banks and on hand of approximately S\$30.3 million (31 December 2022: S\$29.0 million) and approximately S\$20.8 million (31 December 2022: S\$16.9 million), respectively. The Group's cash at banks and on hand were denominated in Singapore dollars and Hong Kong dollars.

Our Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowing, and regularly monitors the current and expected liquidity requirements to ensure that we maintain sufficient financial resources to meet our liquidity requirements at all times.

# Management Discussion and Analysis

## Borrowings

As at 30 June 2023, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S\$34.4 million (31 December 2022: S\$35.6 million) which were denominated in Singapore dollars. The Group's borrowings have not been hedged by any interest rate financial instruments. Details of the maturity profile and interest rate of the borrowings are set out in Note 24 to the unaudited condensed consolidated interim financial statements.

## Gearing ratio

Gearing ratio is calculated as total borrowings (including bank and other borrowings and lease liabilities) divided by the total equity at the end of the respective period.

As at 30 June 2023, our gearing ratio was approximately 61.1% (31 December 2022: 64.7%). The decrease in our gearing ratio as at 30 June 2023 was mainly due to the decrease in bank and other borrowings by approximately S\$1.7 million as at 30 June 2023 as compared to 31 December 2022.

## Net debt to total capital ratio

Net debt to total capital ratio is calculated as net debts (i.e. lease liabilities, bank and other borrowings and net of cash at banks and on hand and pledged bank deposits) divided by total capital (i.e. net debts and total equity) at the end of the respective period.

As at 30 June 2023, our net debt to total capital ratio was approximately 13.0% (31 December 2022: 23.9%). The decrease in our net debt to total capital ratio as at 30 June 2023 was mainly due to the increase in cash at banks and on hand and pledged bank deposits.

## Pledge of assets

As at 30 June 2023, the Group's investment properties with fair value of approximately S\$2.3 million (31 December 2022: S\$2.3 million), self-occupies properties of approximately S\$13.1 million (31 December 2022: S\$14.1 million), carrying amounts of motor vehicles and plant and machinery held under hire purchase commitments of approximately S\$2.8 million and S\$2.4 million (31 December 2022: S\$2.9 million and S\$2.4 million), respectively, and bank deposits of approximately S\$5.2 million (31 December 2022: S\$1.5 million) were pledged for bank and other borrowings.



# Management Discussion and Analysis

## **CAPITAL EXPENDITURES AND COMMITMENTS**

During the six months ended 30 June 2023, the Group incurred capital expenditures of approximately S\$2.1 million (six months ended 30 June 2022: S\$1.7 million), primarily due to purchases of plant and equipment and motor vehicles.

As at 30 June 2023, our Group had capital expenditure contracted for as at end of the reporting period but not recognised in the unaudited condensed consolidated interim financial statements in respect of purchases of plant and machinery of approximately S\$51,000 (31 December 2022: S\$0.2 million).

## **CONTINGENCIES**

As at 30 June 2023, our Group had performance bonds of guarantees of completion of projects issued by insurance companies and bank amounting to approximately S\$13.1 million (31 December 2022: S\$12.9 million).

As at 30 June 2023, our Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S\$0.9 million (31 December 2022: S\$1.5 million).

## **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have any plans for material investments and capital assets as at the date of this report.

## **SIGNIFICANT INVESTMENTS, MATERIALS ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES COMPANIES OR JOINT VENTURES**

During the six months ended 30 June 2023, the Group did not have any significant investments held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures.

## **Financial instruments**

Our major financial instruments include trade receivables, deposits and other receivables excluding prepayments, cash at banks and on hand, pledged bank deposits, bank and other borrowings, lease liabilities, trade and retention payables and other payables excluding non-financial liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

# Management Discussion and Analysis

## FOREIGN EXCHANGE EXPOSURE

The headquarters and principal place of business of the Group is in Singapore with our revenue and cost of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating companies.

However, as the shares of the Company have been listed on the Stock Exchange on 12 March 2020, the Group retains Hong Kong dollars amounting to approximately HK\$0.1 million as at 30 June 2023 that are exposed to foreign currency risks. The Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, we had 635 full time employees (31 December 2022: 618) who were directly employed by us and based in Singapore. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the six months ended 30 June 2023 amounted to approximately S\$13.5 million (six months ended 30 June 2022: S\$13.6 million).

We offer remuneration package to our employees which includes salary, bonuses and allowance. Generally, we consider employees' salaries based on each of their qualifications, position and seniority. Our Company has an annual review system to appraise the performance of our employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions. The emoluments of the Directors have been reviewed by the Remuneration Committee of the Company, having regard to the performance of Directors and market standards, and approved by the Board.

## EVENTS AFTER REPORTING PERIOD

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2023 and up to the date of this report.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

#### (a) Long positions in the shares of HK\$0.01 each of the Company (the "Shares")

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ng Tian Soo (Note)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng Tian Fah (Note)	Interest in controlled corporation	542,640,000	51.00%

Note: 542,640,000 Shares are held by WG INTERNATIONAL (BVI) LIMITED ("WGI (BVI)") which is beneficially owned as to 33% by Mr. Ng Tian Soo ("Mr. Ng TS"), 28% by Mr. Ng Tian Fah ("Mr. Ng TF"), 28% by Mr. Ng Tian Kew ("Mr. Ng TK"), 9% by Ms. Ng Mei Lian ("Ms. Ng ML") and 2% by Mr. Chai Kwee Lim ("Mr. Chai KL"). Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.

## Other Information

### (b) Long positions in the shares of associated corporations

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of interest in associated corporation</b>
Mr. Ng TS (Note)	WGI (BVI)	Beneficial owner	16,500	33.00%
Mr. Ng TF (Note)	WGI (BVI)	Beneficial owner	14,000	28.00%

Note: The Company is owned as to 51% by WGI (BVI). WGI (BVI) is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

#### Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
WGI (BVI) (Note 1)	Beneficial owner	542,640,000	51.00%
Mr. Ng TS (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng TF (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Mr. Ng TK (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Ms. Ng ML (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Mr. Chai KL (Note 1)	Interest in controlled corporation	542,640,000	51.00%
Ms. Pang Kip Moi (Note 2)	Interest of spouse	542,640,000	51.00%
Ms. Phang May Lan (Note 3)	Interest of spouse	542,640,000	51.00%
Ms. Tang Siaw Tien (Note 4)	Interest of spouse	542,640,000	51.00%
Mr. Chen Teck Men (Note 5)	Interest of spouse	542,640,000	51.00%
Mr. Huang Lei	Beneficial owner	85,360,000	8.02%

## Other Information

### Notes:

1. 542,640,000 Shares are held by WGI (BVI) which is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL. Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.
2. Ms. Pang Kip Moi is the spouse of Mr. Ng TS. Accordingly, Ms. Pang Kip Moi is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.
3. Ms. Phang May Lan is the spouse of Mr. Ng TF. Accordingly, Ms. Phang May Lan is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.
4. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK. Accordingly, Ms. Tang Siaw Tien is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.
5. Mr. Chen Teck Men is the spouse of Ms. Ng ML. Accordingly, Mr. Chen Teck Men is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

### DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the biographical details of the Directors of the Company has been updated as follows:

#### Executive Director

**Mr. Huang Lei**, aged 53, was appointed as an executive Director on 25 July 2023. He graduated from PLA Nanjing Institute of Politics\* (中國人民解放軍南京政治學院) in July 2002 with a diploma. He has over 11 years of working experience in management, particularly in wealth investment management. From January 2005 to December 2012, he worked at the sales department of China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司上海分公司). From 2013 to 2017, he was a general manager of Shanghai Yuanjie Industrial Co., Ltd.\* (上海遠捷實業有限公司). Mr. Huang has also worked at various investment companies, including joining Shanghai Yuanshuo Investment Management Co., Ltd.\* (上海元朔

## Other Information

投資管理有限公司) in 2017 where he served as the general manager until 2020 and is currently serving as the supervisor, joining Shanghai Yunwang Equity Investment Fund Management Co., Ltd.\* (上海運旺股權投資基金管理有限公司) in 2017 where he is currently serving as the legal representative, executive director and general manager, and joining Huixin Shengan Commercial Factoring (Shanghai) Co. Ltd.\* (惠信盛安商業保理(上海)有限公司) in 2020 where he is currently serving as the legal representative, executive director and general manager. Mr. Huang also has over 5 years of managerial experience in the fields of construction trading, real estate construction and property development occupying senior managerial roles. In particular, since 2018, Mr. Huang has been a general manager of a company principally engaged in trading of building materials and real estate construction.

\* for identification purpose only

### Independent non-executive Directors

**Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)**, aged 50, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr. Ng was appointed as executive director and chief investment officer of Abakus Investment Management Pte Ltd (“**AIM**”) in March 2022 and was subsequently appointed as chief executive officer of AIM in January 2023. From March 2020 to March 2022, he was the chief operating officer of Bright Point Capital Pte Ltd.. He was a director of research of SooChow CSSD Capital Markets (Asia) Pte. Ltd. from January 2020 to March 2020. He joined TriReme Medical (Singapore) Pte Ltd in February 2015 and was an executive director of QT Vascular Ltd., a company listed on the Singapore Exchange Limited from August 2015 to May 2019 where he was responsible for capital market activities. Mr. Ng has approximately 10 years of experience in investment banking. He joined CGS-CIMB Research Pte. Ltd. as an associate vice president of the institutional research department between July 2005 and August 2007. He worked as a credit research analyst of the global markets centre in Deutsche Bank AG, Singapore Branch between September 2007 and June 2008. He was a vice president of the research department in CGS-CIMB Research Pte. Ltd. between June 2008 and February 2015.

Mr. Ng completed a diploma in economics at University of London in August 1998. He received a bachelor’s degree in banking and finance at University of London in August 2000.

## Other Information

**Mr. George Christopher Holland**, aged 49, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr. Holland was appointed as director of Mure Pte. Ltd. in August 2023. He is a co-founder of HM (formerly known as Holland & Marie) since January 2018, in which he is responsible for management and operation of the firm. Mr. Holland has approximately 23 years of experience in legal and compliance matters. He worked at Clifford Chance between September 1999 and October 2010. He worked at Religare Capital Markets Pte Ltd. between November 2010 and September 2018, during which period he served in various roles, including general counsel.

Mr. Holland received a bachelor's degree in philosophy from University of Virginia in May 1996. He also received a juris doctor degree from Duke University School of Law in May 1999.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions (the "**Securities Dealing Code**"). Specific enquiry has been made with all the Directors who were holding office as a Director during the six months ended 30 June 2023 and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code during the six months ended 30 June 2023. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to the Directors' dealings in securities of the Company.

### CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the Company complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.



## Other Information

### SHARE OPTION SCHEME

The shareholders of the Company approved and conditionally adopted a share option scheme on 18 February 2020 (the “**Share Option Scheme**”) to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The Share Option Scheme took effect on 12 March 2020. No share options have been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption on 18 February 2020 and during the six months ended 30 June 2023, and there is no outstanding share option as at 30 June 2023.

### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time for the six months period ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

### AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s unaudited interim results for the six months ended 30 June 2023 and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with the management of the Company including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 with no disagreement by the audit committee of the Company.

By Order of the Board  
**Wei Yuan Holdings Limited**  
**Ng Tian Soo**  
*Chairman and Executive Director*

Singapore, 29 August 2023