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## **BENG SOON MACHINERY HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1987)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Beng Soon Machinery Holdings Limited (the “**Company**”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (“**1H2024**”) together with the relevant comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *For the six months ended 30 June*

		<b>6 months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>S\$</b>	<b>S\$</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	5	<b>13,989,129</b>	10,740,265
Cost of sales	7	<b>(10,585,156)</b>	(9,834,719)
<b>Gross profit</b>		<b>3,403,973</b>	905,546
Other income	6	<b>193,371</b>	188,884
Other gains — net	6	<b>216,104</b>	792,829
Selling and distribution expenses	7	<b>(116,517)</b>	(159,035)
Administrative expenses	7	<b>(4,939,100)</b>	(4,411,333)
<b>Operating loss</b>		<b>(1,242,169)</b>	(2,683,109)
Finance costs	8	<b>(123,554)</b>	(129,043)
<b>Loss before income tax</b>		<b>(1,365,723)</b>	(2,812,152)
Income tax credit	9	<b>31,687</b>	157,811
<b>Loss after income tax</b>		<b>(1,334,036)</b>	(2,654,341)
<b>Other comprehensive income</b>			
<b>Item that may be reclassified</b>			
<b>subsequently to profit or loss:</b>			
Currency translation differences arising from consolidation		<b>227</b>	15,627
<b>Total comprehensive loss</b>		<b>(1,333,809)</b>	(2,638,714)

	<b>6 months ended 30 June</b>	
	<b>2024</b>	2023
<i>Notes</i>	<i>S\$</i>	<i>S\$</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss for the period attributable to:</b>		
Equity holders of the Company	<b>(1,334,036)</b>	(2,857,679)
Non-controlling interests	<u>–</u>	<u>203,338</u>
	<b><u>(1,334,036)</u></b>	<b><u>(2,654,341)</u></b>
<b>Total comprehensive loss</b>		
<b>for the period attributable to:</b>		
Equity holders of the Company	<b>(1,333,809)</b>	(2,842,052)
Non-controlling interests	<u>–</u>	<u>203,338</u>
	<b><u>(1,333,809)</u></b>	<b><u>(2,638,714)</u></b>
<b>Loss per share (expressed in S\$ cent)</b>		
Basic and diluted	<i>10</i> <b><u>(0.13)</u></b>	<b><u>(0.28)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<i>Notes</i>	<i>S\$</i>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>13,361,052</b>	14,544,205
Right-of-use assets	<b>8,059,112</b>	8,057,716
Investment property	<b>1,898,880</b>	1,920,960
Financial asset at fair value through profit or loss	<b>179,097</b>	176,285
	<b>23,498,141</b>	24,699,166
<b>Current assets</b>		
Contract related assets and costs	<b>4,825,192</b>	9,103,965
Deposits paid to customers	<b>7,926,074</b>	64,508
Trade receivables	<i>11</i> <b>5,418,635</b>	4,249,504
Deposits, prepayments and other receivables	<i>12</i> <b>1,838,581</b>	73,609
Cash and cash equivalents	<i>13</i> <b>6,801,458</b>	15,110,312
	<b>26,809,940</b>	28,601,898
<b>Total assets</b>	<b>50,308,081</b>	53,301,064
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<i>15</i> <b>1,742,159</b>	1,742,159
Other reserves	<i>16</i> <b>21,690,065</b>	21,689,838
Retained earnings	<b>15,320,441</b>	16,654,477
	<b>38,752,665</b>	40,086,474
Non-controlling interests	<b>8,601</b>	8,601
<b>Total equity</b>	<b>38,761,266</b>	40,095,075

		<b>As at</b>	
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>S\$</b>	<b>S\$</b>
		<b>(unaudited)</b>	(audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>7,771,058</b>	8,025,019
Deferred income tax liabilities		<b>896,897</b>	928,584
		<u><b>8,667,955</b></u>	<u>8,953,603</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>1,680,926</b>	3,182,271
Lease liabilities		<b>1,197,934</b>	1,070,115
		<u><b>2,878,860</b></u>	<u>4,252,386</u>
<b>Total liabilities</b>		<u><b>11,546,815</b></u>	<u>13,205,989</u>
<b>Total equity and liabilities</b>		<u><b>50,308,081</b></u>	<u>53,301,064</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

### 1.1 General information

Beng Soon Machinery Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed (the “**Listing**”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2019 (the “**Listing Date**”). The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (“**Condensed Consolidated Interim Financial Statements**”) are presented in Singapore dollars (“**S\$**”), which is also the functional currency of the Company.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) Interim Financial Reporting issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards. The preparation of condensed consolidated interim financial information in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

### 2.2 Summary of significant accounting policies

Except as described in note 3, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements. Taxes on income for the six months ended 30 June 2024 and 2023 are accrued using the tax rate that would be applicable to expected total annual profits.

### 3 NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES

There were several new interpretations and amendment to standards and interpretations which are applicable for the first time in 2024, but either not relevant or do not have an impact on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

### 4 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

#### 4.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net debt, where applicable.

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Lease liabilities	8,968,992	9,095,134
Less: Cash and cash equivalents ( <i>Note 13</i> )	<u>(6,801,458)</u>	<u>(15,110,312)</u>
Net debt/(cash)	2,167,534	(6,015,178)
Total equity	<u>38,752,665</u>	<u>40,086,474</u>
Total capital	<u>40,920,199</u>	<u>34,071,296</u>
Gearing ratio	<u>5.3%</u>	<u>N/A</u>

## 4.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<b>Level 1</b> S\$	<b>Level 2</b> S\$	<b>Level 3</b> S\$
At 30 June 2024			
Assets			
Financial asset at fair value			
through profit or loss			
— Keyman insurance contract	—	—	<b>179,097</b>
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2023			
Assets			
Financial asset at fair value			
through profit or loss			
— Keyman insurance contract	—	—	176,285
	<u>          </u>	<u>          </u>	<u>          </u>

There were no transfers among Levels 1, 2 and 3 during both periods.

The following table presents the changes in Level 3 instruments:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	S\$	S\$
	<b>(unaudited)</b>	(audited)
Financial asset at fair value through profit or loss		
At beginning of the period	<b>176,285</b>	178,355
Currency exchange differences	—	(8,045)
Fair value gain recognised in profit or loss ( <i>Note 6</i> )	<b>2,812</b>	5,975
	<u>          </u>	<u>          </u>
At end of the period	<b>179,097</b>	176,285
	<u>          </u>	<u>          </u>

The fair value of the keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy quarterly statement of the keyman insurance contract provided by the insurance company.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contract. When the cash surrender value is higher, the fair value of the keyman insurance contract will be higher.

The carrying amounts of the Group's financial assets, including trade receivables, contract assets, deposits and other receivables, and cash and cash equivalents, and financial liabilities, including trade and other payables, borrowings and lease liabilities approximate their fair values.

## 5 REVENUE

	<b>6 months ended 30 June</b>	
	<b>2024</b>	2023
	<b>S\$</b>	S\$
	<b>(unaudited)</b>	(unaudited)
Revenue from contracts with customers ( <i>Note (i)</i> )	<b>12,830,654</b>	10,634,830
Others ( <i>Note (ii)</i> )	<b>1,158,475</b>	105,435
	<u><b>13,989,129</b></u>	<u>10,740,265</u>
Total revenue	<u><b>13,989,129</b></u>	<u>10,740,265</u>

*Notes:*

- (i) Revenue from contracts with customers represents the provision of demolition services were derived from undertaking demolition projects which include (i) the net payment directly from the project owners; (ii) the proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) earth disposal proceeds from earth providers for depositing earth at demolition sites for landfilling purpose.
- (ii) Other revenue mainly comprise of other service income for services rendered for site operation management and consultancy service, transportation service and rental of machinery.



**6 OTHER INCOME AND OTHER GAINS — NET**

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Other income:		
Interest income	<b>166,778</b>	167,747
Government grants	<b>2,593</b>	9,137
Rental income from investment property	<b>24,000</b>	12,000
	<hr/>	<hr/>
Total other income	<b>193,371</b>	188,884
	<hr/> <hr/>	<hr/> <hr/>
Other gains/(losses) — net:		
Gain on deregistration of a subsidiary	—	390,160
Gain on disposals of property, plant and equipment	<b>213,888</b>	399,978
Fair value gain on financial asset at fair value through profit or loss	<b>2,812</b>	2,691
Currency exchange losses — net	<b>(596)</b>	—
	<hr/>	<hr/>
Total other gains — net	<b>216,104</b>	792,829
	<hr/> <hr/>	<hr/> <hr/>
Total other income and other gains — net	<b>409,475</b>	981,713
	<hr/> <hr/>	<hr/> <hr/>

## 7 EXPENSES BY NATURE

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

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sub-contractor charges	<b>1,986,248</b>	3,145,667
Transportation expenses	<b>1,359,305</b>	137,085
Maintenance expenses	<b>487,377</b>	508,925
Insurance expenses	<b>261,401</b>	122,039
Raw materials, consumables and other overheads	<b>2,973,295</b>	2,159,336
Employee benefits expenses, including directors' emoluments ( <i>Note (a)</i> )	<b>5,440,847</b>	4,786,980
Depreciation	<b>1,919,997</b>	2,149,786
Legal and professional fees	<b>166,433</b>	120,923
Auditors' remuneration	<b>35,681</b>	35,962
Expenses relating to short-term leases	<b>321,437</b>	493,480
Motor vehicle expenses	<b>73,239</b>	46,809
Utility expenses	<b>36,419</b>	81,548
Others ( <i>Note (b)</i> )	<b>579,094</b>	616,547
	<hr/>	<hr/>
Total cost of sales, selling and distributions expenses and administrative expenses	<b>15,640,773</b>	14,405,087
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Cost of sales	<b>10,585,156</b>	9,834,719
Selling and distribution expenses	<b>116,517</b>	159,035
Administrative expenses	<b>4,939,100</b>	4,411,333
	<hr/>	<hr/>
	<b>15,640,773</b>	14,405,087
	<hr/> <hr/>	<hr/> <hr/>

Note:

(a)

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Wages, salaries, bonuses and other benefits	<b>5,269,477</b>	4,582,783
Pension costs — defined contribution plans	<b>171,370</b>	204,197
	<b><u>5,440,847</u></b>	<b><u>4,786,980</u></b>

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Amount included in:		
Cost of sales	<b>1,681,301</b>	1,502,354
Administrative expenses	<b>3,759,546</b>	3,284,626
	<b><u>5,440,847</u></b>	<b><u>4,786,980</u></b>

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

## 8 FINANCE COSTS

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest expenses on:		
— Lease liabilities	<b>123,554</b>	125,464
— Bank borrowings	<b>—</b>	3,579
	<b><u>123,554</u></b>	<b><u>129,043</u></b>

## 9 INCOME TAXES

Singapore income tax has been provided for at the rate of 17% (30 June 2023: 17%) on the estimated assessable profit.

### Income tax credit

The amount of income tax credit accounted in the condensed consolidated statement of comprehensive income represents:

	6 months ended 30 June	
	2024	2023
	S\$	S\$
	(unaudited)	(unaudited)
Current income tax — Singapore	—	(17,237)
Deferred income tax — Singapore	<u>(31,687)</u>	<u>(140,574)</u>
Income tax credit	<u><u>(31,687)</u></u>	<u><u>(157,811)</u></u>

## 10 LOSS PER SHARE

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

	6 months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Loss attributable to equity holders of the Company (S\$)	<u>(1,334,036)</u>	<u>(2,842,052)</u>
Weighted average number of shares in issue ( <i>Note</i> )	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic loss per share (S\$ cent)	<u><u>(0.13)</u></u>	<u><u>(0.28)</u></u>

For the six months ended 30 June 2024, diluted loss per share is equal to basic loss per share as there was no dilutive potential share outstanding (30 June 2023: same).

### *Note:*

The weighted average of 1,000,000,000 ordinary shares used in the calculation of basic loss per share for the period ended 30 June 2024 and 2023 comprising: (i) 9,900 ordinary shares of the Company in issue as at 31 December 2018; (ii) 749,990,000 ordinary shares of the Company issued at par value by way of capitalisation pursuant to the shareholders' resolution dated 15 October 2019 as if these shares had been issued at 1 January 2018, the beginning of the earliest period reported; and (iii) 250,000,000 ordinary shares offered to the public were issued on 8 November 2019.

## 11 TRADE RECEIVABLES

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Trade receivables from third parties	4,860,717	3,575,060
Less: Allowance for expected credit losses (“ECLs”) of trade receivables	<u>(383,117)</u>	<u>(383,117)</u>
	4,477,600	3,191,943
Retentions	<u>941,035</u>	<u>1,057,561</u>
	<u><u>5,418,635</u></u>	<u><u>4,249,504</u></u>

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

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

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Below 30 days	3,396,724	2,974,165
31–60 days	57,111	182,462
61–90 days	1,001,841	34,160
91–120 days	<u>21,924</u>	<u>1,156</u>
	<u><u>4,477,600</u></u>	<u><u>3,191,943</u></u>

The carrying amounts of trade receivables approximate their fair values.

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Deposits paid to third parties	87,060	57,656
Staff loans	13,048	8,391
Prepayments	1,630,930	4,143
Other receivables	107,543	3,419
	<u>1,838,581</u>	<u>73,609</u>

The carrying amounts of deposits and other receivables approximate their fair values.

## 13 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Cash at banks	1,796,458	3,105,312
Cash on hand	5,000	5,000
Unpledged fixed deposits at banks	5,000,000	12,000,000
	<u>6,801,458</u>	<u>15,110,312</u>

## 14 TRADE AND OTHER PAYABLES

	As at	
	30 June 2024 S\$ (unaudited)	31 December 2023 S\$ (audited)
Trade payables	903,141	2,231,873
Accrued expenses	705,409	855,850
Other payables	72,376	94,548
	<u>1,680,926</u>	<u>3,182,271</u>

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

	<b>As at</b>	
	<b>30 June 2024 S\$ (unaudited)</b>	<b>31 December 2023 S\$ (audited)</b>
Up to 30 days	440,121	1,361,649
31–60 days	394,946	769,021
61–90 days	66,103	96,307
91–120 days	1,971	4,896
	<u>903,141</u>	<u>2,231,873</u>

## 15 SHARE CAPITAL

The movements of the share capital are as follow:

	<b>Number of shares</b>	<b>Share capital HK\$</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 31 December 2023 (audited) and 30 June 2024 (unaudited)	<u>10,000,000,000</u>	<u>100,000,000</u>
	<b>Number of shares</b>	<b>Share capital S\$</b>
<b>Issued and fully paid:</b>		
At 31 December 2023 (audited) and 30 June 2024 (unaudited)	<u>1,000,000,000</u>	<u>1,742,159</u>

## 16 OTHER RESERVES

	Other reserve attributable to equity holders of the Company			
	Share premium	Other	Foreign currency translation	Total
	S\$	S\$	S\$	S\$
At 1 January 2023	19,853,646	2,000,000	(163,227)	21,690,419
Currency translation differences arising from consolidation	–	–	19,778	19,778
Realisation of currency translation reserve upon deregistration of a subsidiary	–	–	(20,359)	(20,359)
	<u>19,853,646</u>	<u>2,000,000</u>	<u>(163,808)</u>	<u>21,689,838</u>
At 31 December 2023 (audited) and 1 January 2024 (unaudited)				
Currency translation differences arising from consolidation	–	–	227	227
	<u>19,853,646</u>	<u>2,000,000</u>	<u>(163,581)</u>	<u>21,690,065</u>
At 30 June 2024 (unaudited)				

## 17 DIVIDENDS

No dividend was paid, declared or proposed during the period, nor has any dividend been declared since the end of the interim period (31 December 2023: nil).

## 18 COMMITMENTS

As at 30 June 2024, the Group did not have any capital commitments (31 December 2023: nil).

## 19 PERFORMANCE AND SECURITY BONDS

The Group had performance bonds for guarantees for completion of projects issued by banks and insurance companies amounting to S\$4,050,081 as at 30 June 2024 (31 December 2023: S\$1,839,450).

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$310,000 as at 30 June 2024 (31 December 2023: S\$290,000).



## 20 SUBSEQUENT EVENTS

On 27 August 2024, the Board resolved to commence the voluntary liquidation of the subsidiary incorporated in the British Virgin Islands, namely, Beyond Elite Investments Limited (“**Beyond Elite**”), and the deregistration of the subsidiary incorporated in Hong Kong, namely, Sky Express Asia Limited (“**Sky Express**”).

Beyond Elite is a direct wholly owned subsidiary, incorporated in the British Virgin Islands with limited liability, primarily engaged in investment holding. Sky Express, an indirect wholly owned subsidiary, is a company incorporated in Hong Kong with limited liability, and has been principally involved in the trading of minerals and ore. Both entities have been recently inactive, and it is anticipated that the voluntary liquidation and deregistration of these subsidiaries will have no significant negative impact on the Group’s financial standing or business operations.

Pursuant to Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the voluntary liquidation and deregistration do not constitute a connected transaction or notifiable transaction of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is an established and leading demolition services provider in Singapore and has been running the demolition business in Singapore for more than 30 years in both the public and private sectors. It primarily focuses on the demolition of various types of buildings and structures, including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures in Singapore. To a lesser extent, the Group also leases and sells machinery.

The Group is registered with the Contractors Registration System administered by the Building and Construction Authority of Singapore, which is the pre-requisite to tender for construction or construction related projects in Singapore. The Group is registered under CR03 “Demolition” workhead (Single Grade), CW01 “General Building” workhead (C3 Grade) and CW02 “Civil Engineering” workhead (C1 Grade) (collectively the “**Licences**”), which allows it to tender and undertake various public and private sector demolition and construction related projects. In addition, the Group has been upgraded from Class 2 General Builder Licence to Class 1 General Builder Licence. Amongst the Licences obtained, the Single Grade Licence and Class 1 General Builder Licence allows the Group to undertake demolition projects of an unlimited tender/contract value.

During 1H2024, on top of variation orders from past projects, the Group completed eight projects, including four factory buildings, two residential buildings, and one industrial building and one lot of RTG Cranes.

The following table sets out details of the completed projects by the Group during 1H2024:

<b>Customer</b>	<b>Description of Works</b>	<b>Completion Date</b>	<b>Aggregated Recognized Revenue since the Project's Commencement (Singapore Dollars ("S\$")'000</b>
Customer A <sup>(note 1)</sup>	Demolition works of factory building	14 February 2024	3,680
Customer B <sup>(note 2)</sup>	Disposal of RTG Cranes	31 May 2024	3,685
Customer C <sup>(note 3)</sup>	Demolition works of residential building	18 January 2024	49
Customer C <sup>(note 3)</sup>	Demolition works of residential building	8 April 2024	2,217
Customer D <sup>(note 4)</sup>	Demolition works of industrial building	19 January 2024	242
Customer E <sup>(note 5)</sup>	Demolition works of factory building	13 June 2024	1,485
Customer F <sup>(note 6)</sup>	Demolition works of factory building	22 February 2024	168
Customer G <sup>(note 7)</sup>	Demolition works of factory building	30 March 2024	53

*Notes:*

1. Customer A is a company incorporated in Singapore specializing in commodity products.
2. Customer B is a company incorporated in Singapore specializing in port management.
3. Customer C is a company incorporated in Singapore specializing in building construction works.
4. Customer D is a company incorporated in Singapore specializing in mechanical works, civil and plant maintenance works.
5. Customer E is a company incorporated in Singapore specializing in building construction works.
6. Customer F is a company incorporated in Singapore specializing in recycling services.
7. Customer G is a company incorporated in Singapore specializing in building construction works.

As at 30 June 2024, the Group had ten demolition projects in progress, including six factory building projects, one industrial building, one commercial building, one school building, and one residential building.

The following sets out details of demolition projects which remained in progress as at 30 June 2024:

<b>Customer</b>	<b>Description of Works</b>	<b>Expected Completion Date</b>	<b>Aggregated Recognized Revenue since the Project's Commencement</b> <i>S\$'000</i>
Customer H <sup>(note 1)</sup>	Demolition works of industrial building	13 August 2024	2,087
Customer I <sup>(note 2)</sup>	Demolition of commercial building	30 October 2024	3,475
Customer J <sup>(note 3)</sup>	Demolition works of school building	25 August 2025	2,197
Customer K <sup>(note 4)</sup>	Demolition works of factory building	31 December 2024	1,518
Customer L <sup>(note 5)</sup>	Demolition works of factory building	13 August 2024	119
Customer M <sup>(note 6)</sup>	Demolition works of factory building	31 March 2025	1,697
Customer N <sup>(note 7)</sup>	Demolition works of factory building	29 November 2025	3,800
Customer O <sup>(note 8)</sup>	Demolition works of factory building	15 October 2024	—*
Customer P <sup>(note 9)</sup>	Demolition works of factory building	15 September 2024	—*
Customer N <sup>(note 3)</sup>	Demolition works of residential building	28 July 2026	—*

*Notes:*

- \* These projects are yet to commence as at 30 June 2024.
- 1. Customer H is a company incorporated in Singapore specializing in oil and gas industry.
- 2. Customer I is a company incorporated in Singapore specializing in building construction works.
- 3. Customer J is a government and statutory entity in Singapore.
- 4. Customer K is a government and statutory entity in Singapore.
- 5. Customer L is a company incorporated in Singapore specializing in building construction works.
- 6. Customer M is a company incorporated in Singapore specializing in nature reserves activities.
- 7. Customer N is a government and statutory entity in Singapore.
- 8. Customer O is a company incorporated in Singapore specializing in building construction works.
- 9. Customer P is a company incorporated in Singapore specializing in freight and transport activities.

## **OUTLOOK AND PROSPECTS**

According to the latest data from Singapore's Ministry of Trade and Industry, the Singaporean economy improved by 1.1% in 2023, with a GDP growth forecast for 2024 estimated to be between 1.0% and 3.0%. The construction sector continues to show consistent expansion. Forecasts from the Building and Construction Authority in Singapore indicate that the total construction demand for 2024 is projected to range between S\$32 billion and S\$38 billion, compared to a preliminary demand of S\$34 billion in 2023. This growth is expected to be driven primarily by the public sector, which is anticipated to contribute between S\$18 billion and S\$21 billion, largely from public housing and infrastructure projects. The private sector is expected to contribute between S\$14 billion and S\$17 billion, fueled by residential developments, commercial premises redevelopment, and industrial facility development.

During the first half of 2024, Singapore's economy has continued to navigate global economic uncertainties while benefiting from domestic resilience and government initiatives. The construction sector has seen robust activity, with several large-scale public infrastructure projects breaking ground. These include expansions in public housing, driven by the Housing and Development Board's initiatives to meet growing demand, as well as significant enhancements to transportation networks and healthcare facilities.

The private sector has also maintained momentum, particularly in the redevelopment of commercial premises and the development of high-tech industrial facilities. Notably, green building practices and sustainability have become central themes, with many new projects adhering to the latest environmental standards set by the Singapore Green Building Council.

The demolition industry has experienced a surge in demand, especially with the ongoing urban renewal efforts in key districts. Government incentives, such as grants for adopting advanced demolition technologies and methods, have further spurred growth in this sector.

Throughout this period, the Group has remained focused on capitalizing on these opportunities, advancing its strategic projects, and exploring new partnerships to enhance shareholder value. The Group's proactive approach in adapting to market trends and its strong commitment to sustainability have positioned it well to thrive in the evolving economic landscape.

As Singapore continues to prioritize infrastructure development and urban rejuvenation, the outlook for the remainder of 2024 remains positive, with the construction and demolition sectors expected to play pivotal roles in driving economic growth.

## FINANCIAL REVIEW

### Revenue

During 1H2024, the Group's revenue was primarily derived from undertaking demolition projects for the Group's project owners (the "**Contract Revenue**"). The Contract Revenue comprises of (i) the net contract sum from the project owners; (ii) the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at demolition sites for landfilling purposes. The Group's revenue for 1H2024 was approximately S\$14.0 million, representing an increase of approximately 30.8% from approximately S\$10.7 million for 1H2023, as a result of more new projects having been awarded and started to the Group, these projects contributed more revenue during the period.

The following table sets forth the breakdown of the revenue by the nature of work undertaken during 1H2024 and 1H2023.

	<b>6 months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net contract sum	<b>2,772</b>	1,091
Proceeds from disposal of salvage materials	<b>9,931</b>	9,481
Earth depositing proceeds	<b>127</b>	63
Other revenue <sup>Note</sup>	<b>1,159</b>	105
	<hr/>	<hr/>
Total revenue	<b>13,989</b>	10,740
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Other revenue mainly comprises rental income for the rental of machinery and transportation Service.



## Cost of sales

The Group's cost of sales mainly comprises of (i) direct labour costs incurred for the provision of the Group's demolitions works; (ii) depreciation of the Group's machinery and equipment; (iii) raw materials, consumables, and other overheads; and (iv) subcontractor charges. The following table sets out the breakdown of the Group's direct costs during 1H2024 and 1H2023.

	6 months ended 30 June	
	2024 S\$'000	2023 S\$'000
Direct labour costs	1,681	1,502
Depreciation	1,155	1,476
Raw materials, consumables and other overheads	2,973	2,159
Subcontractor charges	1,986	3,146
Maintenance expenses	487	509
Transportation expenses	1,295	62
Others	1,008	981
<b>Total cost of sales</b>	<b>10,585</b>	<b>9,835</b>

The Group's cost of sales increase from approximately S\$9.8 million for 1H2023 to approximately S\$10.6 million for 1H2024, representing an increase of 8.2%.

## Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$2.5 million or 277.8%, from a gross profit of approximately S\$0.9 million for 1H2023 to a gross profit of approximately S\$3.4 million for 1H2024. The Group recorded a gross profit margin of approximately 24.3% for 1H2024 as compared to 8.4% for 1H2023. The increase in the Group's gross profit margin was mainly due to the increase in profit margin of disposal of salvage materials.

## Administrative expenses

Administrative expenses primarily consisted of (i) staff costs; and (ii) depreciation costs in respect of the Group's property, office equipment and motor vehicles. The Group's administrative expenses for 1H2024 amounted to approximately S\$4.9 million, representing an increase of S\$0.5 million or 11.4% from approximately S\$4.4 million for 1H2023.

## **Other income**

During 1H2024, the Group's other income amounted to S\$0.2 million, representing no major change as compared to 1H2023. The primary source of income during the period was interest income came from bank deposits.

## **Other gains**

During 1H2024, the Group's other gains amounted to S\$0.2 million (1H2023: S\$0.8 million). The decrease was mainly due to the gain arising from deregistration of a subsidiary in 1H2023, which did not recur in 1H2024.

## **Finance costs**

During 1H2024, the Group recorded finance costs of approximately S\$0.1 million, representing no major change as compared to 1H2023.

## **Income tax credit**

During 1H2024, the Group's income tax credit amounted to S\$32,000 (1H2023: S\$0.2 million), mainly representing the deferred tax recognised on tax loss.

## **Loss attributable to equity holders of the Company**

As a result of the foregoing, the loss attributable to equity holders of the Company for 1H2024 amounted to approximately S\$1.3 million as compared with the loss of approximately S\$2.8 million for 1H2023.

## **Capital structure, liquidity and financial resources**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings and obligations under finance leases, net of bank deposits, bank balances, cash and equity attributable to the equity holders of the Group, comprising share capital and reserves. There has been no change in the capital structure of the Group since Listing. The Group has a solid financial position and continues to maintain a strong and steady cash inflow from internal generated funds, bank loans and other borrowings.

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

As at 30 June 2024,

- A. the Company's issued capital was HK\$10,000,000 and the number of its ordinary shares was 1,000,000,000 shares of HK\$0.01 each. There were no movement in the Company's share capital during the period.
- B. the Group had net current assets of approximately S\$23.9 million as compared to S\$24.3 million as at 31 December 2023, representing a decrease of approximately S\$0.4 million or 1.6%. The decrease was mainly attributable to the decrease in cash and cash equivalents and contract asset offset with decrease in trade and other payables.
- C. the Group had cash and cash equivalents of approximately S\$6.8 million as at 30 June 2024 as compared to S\$15.1 million as at 31 December 2023. The cash was used primarily for working capital purposes.
- D. the Group's total equity attributable to equity holders of the Company amounted to approximately S\$38.8 million as at 30 June 2024 as compared to approximately S\$40.1 million as at 31 December 2023, and the Group's total debt amounted to approximately S\$11.5 million as at 30 June 2024 as compared to approximately S\$13.2 million as at 31 December 2023. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations.

### **Gearing ratio**

The gearing ratio is calculated based on dividing the obligations under borrowings and lease liabilities by total equity, multiplied by 100% as at the respective reporting date. As at 30 June 2024, the Group recorded a gearing ratio of approximately 23.1% (31 December 2023: 22.7%).

### **Treasury policies**

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Company's bank borrowings are all denominated in S\$ and have been arranged on a floating-rate basis. It is the Company's policy not to enter into derivative transactions for speculative purposes. The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

### **Contingent liabilities**

As at 30 June 2024, the Group had no significant contingent liabilities or outstanding litigation (31 December 2023: nil).

### **Capital commitment**

As at 30 June 2024, the Group did not have any capital commitments (31 December 2023: nil).

### **Material acquisitions or disposals**

During 1H2024, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

### **Future plans for material investments or capital assets**

The Group did not have specific plans for material investments or capital assets in the coming year as at 30 June 2024.

### **Employee information and remuneration policy**

As at 30 June 2024, the Group had a total of 128 employees, seven more than as at 31 December 2023. All of the executive Directors and employees are located in Singapore and Hong Kong. The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications and role. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration, bonuses and other compensation payable of the Directors are determined by the Remuneration Committee, having regard to the Company's operating results, responsibilities and individual performance of directors.

### **Results and Interim Dividend**

The Group's profit for 1H2024 and the Group's financial position are set out in the condensed consolidated financial statements on pages 1 to 4 of this announcement.

The Board does not recommend the payment of an interim dividend for the 1H2024.

### **Significant investment held**

As at 30 June 2024, save as disclosed in this interim report, there were no material investments held by the Group (31 December 2023: nil).

### **Charge of the Group's assets**

As at 30 June 2024, the leasehold land and building of the Group with carrying amounts of approximately S\$4.5 million (31 December 2023: S\$4.7 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

### **Foreign currency exposure**

The Group operates in Singapore and most of its income and expenditures are denominated in S\$, being the functional currency of the Company. The Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging.

### **USE OF PROCEEDS FROM LISTING**

On the Listing Date, the issued shares of the Company were listed on the Main Board of the Stock Exchange. A total of 250,000,000 ordinary shares were issued to the public at a price of HK\$0.5 per share for net proceeds of approximately HK\$77.5 million after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the Prospectus.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds during 1H2024:

Use of Net Proceeds	Expected timeline for utilising the Unused Net Proceeds	Intended amount of use of proceeds <i>HK\$'000</i>	Approximate Unused Net Proceeds as at the beginning of 1H2024 <i>HK\$'000</i>	Approximate Amount of Net Proceeds utilised during 1H2024 <i>HK\$'000</i>	Approximate Unused Net Proceeds as at the end of 1H2024 <i>HK\$'000</i>
Enhancing the machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	On or before end of year 2024	51,200	17,379	1,962	15,417
Repaying the bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing were used as working capital	–	13,500	–	–	–
Expanding the labour force by recruiting additional staff, including project management and project execution staff	–	9,100	–	–	–
Engagement of professional consultant to review the internal management systems for the purpose of the registration for B1 grade under the CW02 “Civil Engineering” workhead	On or before 30 June 2025	2,200	–	711	1,489
Group’s general working capital	–	1,500	–	–	–
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

As at 30 June 2024, the amount of the net proceeds which remained unutilised amounted to approximately HK\$16.9 million. Since 2020, COVID-19 pandemic had imposed negative impact to the overall business environment in Singapore and the corresponding strictly enforced lockdown had led to uncertain economic and market conditions. In such circumstances, the Company has taken a responsible and prudent view to implement the business strategies which lead to the delay in using the Net Proceeds. Nevertheless, the Group has endeavored to adhere to the implementation plan for the use of the Net Proceeds as disclosed in the Prospectus, and has been monitoring the market conditions in Singapore and making assessments from time to time on the right timing to utilise the Net Proceeds. Currently, the Group is in recovery and is committed to healthy expansion within its existing work scope. To support this, the Group focused on finding the best timing and schedule for enhancing our equipment and pursuing additional registrations to drive our growth; the remaining unutilised net proceeds are expected to be fully utilised on or before 30 June 2025.

## DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

There is no transaction which falls within the disclosure requirements under Rules 13.18 and 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

### DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the end of 1H2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules, were as follows:

#### Long position in the shares and underlying shares of associated corporation of the Company

(i) *Long position in the Shares*

Name	Capacity/ Nature of interest	Number of Shares (Note 1)	Percentage of shareholding in the Company
Mr. Tan Chee Beng	Interest in a controlled corporation (Note 2); Interest of spouse (Note 3)	505,600,000 Shares (L)	50.56%

*Notes:*

1. The letter (L) denotes the person’s long position in such Shares.
2. Mr. Tan beneficially owns all of the issued shares of TCB Investment Holdings Limited (“TCB”), which in turn holds 34.17% of the Shares. Therefore, Mr. Tan is deemed, or taken to be, interested in the Shares held by TCB for the purposes of the SFO. Mr. Tan is a director of TCB.
3. Mr. Tan is the spouse of Ms. Lee Peck Kim (“Ms. Lee”), who holds 16.39% of the Shares. Accordingly, Mr. Tan is deemed, or taken to be, interested in the Shares which Ms. Lee is interested in for the purpose of the SFO.

(ii) *Long position in the share of associated corporation*

As at the end of 1H2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

So far as known to the Directors or chief executive of the Company, as at the end of 1H2024, the following corporates and persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

**Long Positions in Shares**

<b>Name</b>	<b>Capacity/ nature of interest</b>	<b>Number of Share held/ interested</b>	<b>Percentage of shareholding</b>
TCB	Beneficial owner	341,700,000	34.17%
K Luxe Holdings Limited ("K Luxe")	Beneficial owner	163,900,000	16.39%
Ms. Lee	Interest in controlled corporation ( <i>Note 1</i> ) Interest of spouse ( <i>Note 2</i> )	505,600,000	50.56%

*Notes:*

- (1) Ms. Lee beneficially owns all of the issued shares of K Luxe, which in turn holds 16.39% of the Shares. Therefore, Ms. Lee is deemed, or taken to be, interested in the Shares held by K Luxe for the purposes of the SFO.
- (2) Ms. Lee is the spouse of Mr. Tan. Accordingly, Ms. Lee is deemed, or taken to be, interested in the Shares which Mr. Tan is interested for the purposes of the SFO.



Save as disclosed above, as at the end of 1H2024, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares of the Company or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this announcement, at no time during 1H2024 was the Company, its holding company or any of its subsidiaries, a party to any arrangements which enable the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during 1H2024.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) in the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group during 1H2024 and up to the date of this announcement.

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

During 1H2024, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries.

### **SHARE OPTION SCHEME**

The Company has conditionally approved and adopted the share option scheme (the "**Share Option Scheme**") on 15 October 2019 (the "**Adoption Date**") which shall remain in force for a period of ten years commencing on the Adoption Date and expire at the close of business on the business day immediately preceding the tenth anniversary thereof. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group (the "**Eligible Persons**") and to promote the success of the business of the Group.

As at the end of 1H2024, the total number of shares of the Company (the “**Shares**”) available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the issued share capital of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at the end of 1H2024.

## **CORPORATE GOVERNANCE**

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance Shareholders’ value. Committed to upholding good corporate standards and procedures in the best interests of its Shareholders, the Company has adopted the principles and all the relevant code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the “**CG Code**”).

To the best of the knowledge of the Board, the Company has complied with the applicable code provisions of the CG Code with the exceptions of the deviation from code provision C.2.1 as explained below:

### **DEVIATION FROM C.2.1 OF THE CG CODE**

Under paragraph C.2.1 of Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer of a company should be separate and should not be performed by the same individual. Mr. Tan is currently the Chairman of the Board and the chief executive officer of the Group and primarily responsible for the day-to-day management of the Group’s business. In view of the fact that Mr. Tan has been operating and managing our Group since its establishment, the Board believes it is in the best interests of the Group to have Mr. Tan take up both roles of effective management and business development. The Directors consider that vesting the roles of the chairman of the Board and chief executive officer in the same person facilitates the execution of the Group’s business strategies and decision making, and maximises the effectiveness of the Group’s operation. The Directors also believe that the presence of three independent non-executive directors (“**INEDs**”) provides added independence to the Board, and that the Board is appropriately structured to maintain the balance of power and to provide sufficient checks to protect the interests of the Company and its Shareholders. The Directors shall review the structure from time to time and consider an adjustment should it become appropriate.

The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive Directors (including Mr. Tan), and three INEDs and therefore has a fairly strong independence element in its composition.

### **MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiries with the Directors, all the Directors confirm that they have complied with the required standard set out in the Model Code during 1H2024.

### **HANDLING AND DISSEMINATION OF INSIDE INFORMATION**

The Group acknowledges its responsibilities under the provisions of Part XIVA of SFO and the Listing Rules relating to the disclosure of inside information to the public. The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited its Directors and employees from the unauthorized use of confidential or inside information for the advantage of oneself or others. Any inside information and any information, which may potentially constitute inside information is promptly identified, assessed and escalated to the Board for its determination on the need for disclosure. Inside information and other information which are required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

### **AUDIT COMMITTEE**

The Audit Committee consists of three independent non-executive directors, namely Mr. Leung Yau Wan John, Mr. Wee Chorng Kien and Mr. Leung Kee Wai. The chairman of the Audit Committee, Mr. Leung Yau Wan John, possesses the appropriate professional qualifications and financial expertise for the purposes of compliance with the requirements of rule 3.21 of the Listing Rules.

The interim financial results of the Group for the six months ended 30 June 2024 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 30 August 2024

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