BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1987)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Beng Soon Machinery Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 ("**FY2023**") together with the relevant comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***S$***	*S$*
Revenue	*4*	**29,352,207**	32,737,560
Cost of sales	*6*	**(20,112,021)**	(23,243,310)
Gross profit		**9,240,186**	9,494,250
Other income	*5*	**475,985**	316,314
Other gains — net	*5*	**606,143**	440,292
Allowance for expected credit losses ("**ECL**") of trade receivables		**(112,883)**	–
Selling and distribution expenses	*6*	**(248,790)**	(192,511)
Administrative expenses	*6*	**(9,383,965)**	(8,649,494)
Operating profit		**576,676**	1,408,851
Finance costs		**(251,770)**	(278,300)
Profit before income tax		**324,906**	1,130,551
Income tax	*7*	**(300,613)**	(610,734)
Profit after income tax		**24,293**	519,817

		Year ended 31 December	
		2023	2022
	Notes	***S$***	*S$*
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**19,778**	35,347
Realisation of currency translation reserve upon deregistration of a subsidiary		**(20,359)**	–
Total comprehensive income		**23,712**	555,164
Profit/(loss) attributable to:			
Equity holders of the Company		**24,683**	524,728
Non-controlling interests		**(390)**	(4,911)
		24,293	519,817
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		**24,102**	550,645
Non-controlling interests		**(390)**	4,519
		23,712	555,164
Earnings per share (expressed in S$ cent)			
Basic and diluted	*8*	**0.00**	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***S$***	*S$*
Assets			
Non-current assets			
Property, plant and equipment		**14,544,205**	16,854,887
Intangible assets		**–**	22,889
Right-of-use assets		**8,057,716**	7,983,379
Investment property		**1,920,960**	1,965,120
Financial asset at fair value through profit or loss		**176,285**	178,355
		24,699,166	27,004,630
Current assets			
Contract related assets and costs		**9,103,965**	6,734,709
Deposits paid to customers		**64,508**	6,551
Trade receivables	*10*	**4,249,504**	2,737,329
Deposits, prepayments and other receivables	*11*	**73,609**	240,599
Cash and cash equivalents		**15,110,312**	17,057,563
		28,601,898	26,776,751
Total assets		**53,301,064**	53,781,381
Equity attributable to equity holders of the Company			
Share capital	*14*	**1,742,159**	1,742,159
Other reserves		**21,689,838**	21,690,419
Retained earnings		**16,654,477**	16,629,794
		40,086,474	40,062,372
Non-controlling interests		**8,601**	(193,674)
Total equity		**40,095,075**	39,868,698

	Notes	As at 31 December 2023 S$	2022 S$
Liabilities			
Non-current liabilities			
Borrowings	*13*	**–**	97,510
Lease liabilities		**8,025,019**	8,305,374
Deferred income tax liabilities		**928,584**	610,734
		8,953,603	9,013,618
Current liabilities			
Trade and other payables	*12*	**3,182,271**	3,510,865
Borrowings	*13*	**–**	585,064
Lease liabilities		**1,070,115**	803,136
		4,252,386	4,899,065
Total liabilities		**13,205,989**	13,912,683
Total equity and liabilities		**53,301,064**	53,781,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amendments to IFRSs, which are effective in 2023 and adopted by the Group

The Group has applied the following new and amendments to standards which are effective for the financial period beginning on or after 1 January 2023 and relevant to the Group:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The above new and amendment to standards effective for the financial period beginning on or after 1 January 2023 does not have a material impact on the Group results and financial position.

(b) Amendments to IFRSs in issue but not yet adopted

The following new amendments to IFRSs that are relevant to the Group have been published but are not yet effective for the year and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	*1 January 2024*
Amendments to IAS 1	Non-current Liabilities with Covenants	*1 January 2024*
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	*1 January 2024*
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	*1 January 2024*
Amendments to IAS 21	Lack of Exchangeability	*1 January 2025*
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*To be determined*

The directors of the Company anticipate that the application of all other amendments to IFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

(c) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1st May, 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong.

In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The directors of the Company assessed and the Amendment Ordinance has no material impact on the Group's LSP liability and staff cost. Hence, no material impact on the Group's results and financial position.

3. SEGMENT INFORMATION

The chief operating decision-maker (the "**CODM**") has been identified as the executive directors of the Group who reviews the Group's internal reporting in order to assess performance and allocate resources.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Majority of the Group's activities are carried out in Singapore and majority of the Group's assets and liabilities are located in Singapore. Accordingly, there is no analysis by geographical basis.

Revenue are all derived from external project owners in Singapore. During the year ended 31 December 2023, there were 3 project owners (2022: 1 project owner), which individually contributed over 10% of the Group's total revenue. The revenue generated from the demolishing sites from each of these project owners during the financial year are summarise below:

	2023	2022
	S$	*S$*
Customer 1	**4,952,018**	10,491,458
Customer 2	**4,469,807**	N/A
Customer 3	**3,977,818**	N/A

The above represents revenue generated from the demolition sites of relevant project owners in which proceeds are received from project owners as net contract sum, salvage materials buyers from disposal of salvage materials and earth providers from handling earth disposal to the demolition sites.

In terms of proceeds from salvage materials buyers, proceeds from 2 salvage materials buyers (2022: 2 salvage materials buyers) contributed over 10% of the Group's revenue during the year ended 31 December 2023. The proceeds received/receivable from these salvage material buyers are summarised below:

	2023	2022
	S$	*S$*
Salvage material buyer 1	**10,463,320**	10,424,831
Salvage material buyer 2	**6,109,124**	6,344,261

4. REVENUE

	2023	2022
	S$	*S$*
Revenue from contracts with customers	**29,106,039**	32,438,515
Others	**246,168**	299,045
Total revenue	**29,352,207**	32,737,560

5. OTHER INCOME AND OTHER GAINS — NET

	2023	2022
	S$	*S$*
Other income:		
Interest income	**412,456**	64,266
Government grants *(Note (a))*	**35,529**	228,998
Rental income from investment property	**28,000**	23,032
Miscellaneous income	**–**	18
Total other income	**475,985**	316,314
Other gains/(losses) — net:		
Gain on deregistration of subsidiary	**207,156**	–
Gain on disposals of property, plant and equipment	**362,312**	428,886
Gain on disposals of right-of-use assets	**47,133**	–
Currency exchange (losses)/gain — net	**(16,433)**	6,770
Fair value gain on financial asset at fair value through profit or loss	**5,975**	4,636
Total other gains — net	**606,143**	440,292
Total other income and other gains — net	**1,082,128**	756,606

Notes:

(a) Government grants mainly comprised Jobs Growth Incentive, Productivity Solutions Grant and Foreign Worker Levy rebates granted to the Group by the Singapore authorities.

	2023	2022
	S$	*S$*
Jobs Growth Incentive (“**JGI**”)	**5,850**	94,871
Foreign Worker Levy rebates (“**FWL**”)	**–**	92,850
Productivity Solutions Grant (“**PSG**”)	**20,861**	–
Others	**8,818**	41,277
	35,529	228,998

JGI

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

PSG

PSG is a scheme launched on April 2018 to helps Singapore companies improve their productivity and automate existing processes through IT solutions and equipment.

FWL

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

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

6. EXPENSES BY NATURE

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

	2023	2022
	S$	*S$*
Sub-contractor charges	**5,649,155**	6,906,035
Contract related sum	**2,195,200**	583,000
Transportation expenses	**326,528**	308,608
Maintenance expenses	**1,035,767**	1,064,259
Insurance expenses	**161,749**	258,300
Raw materials, consumables and other overheads	**3,280,991**	5,998,792
Employee benefits expenses, including directors' emoluments	**10,547,838**	9,681,369
Depreciation	**4,224,694**	4,480,742
Amortisation of intangible assets	**–**	9,717
Legal and professional fees	**277,548**	299,273
Auditor's remuneration	**119,282**	125,642
Expenses relating to short-term leases	**714,275**	1,363,405
Motor vehicle expenses	**86,088**	85,909
Utility expenses	**139,623**	137,928
Entertainment expenses	**140,916**	68,773
Property tax	**92,690**	92,690
Others *(Note)*	**752,432**	620,873
Total cost of sales, selling and distributions expenses and administrative expenses	**29,744,776**	32,085,315

Note:

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

7. INCOME TAX

Singapore income tax has been provided for at the rate of 17% (2022: 17%) on the estimated assessable profit for the year ended 31 December 2023.

No provision for Hong Kong Profits Tax is required as the Group has no assessable profits for the years ended 31 December 2023 and 2022.

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

	2023	2022
	S$	*S$*
Current income tax — Singapore		
Provision for the year	**–**	–
Tax refunded from carry-back relief	**(17,237)**	–
Deferred income tax — Singapore	**317,850**	610,734
Income tax	**300,613**	610,734

8. EARNINGS PER SHARE

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

	2023	2022
Profit attributable to equity holders of the Company (*S$*)	**24,683**	524,728
Weighted average number of shares in issue	**1,000,000,000**	1,000,000,000
Basic earnings per share *(S$ cent)*	**0.00***	0.05

* Representing amount of S$0.002 cents.

For the year ended 31 December 2023, diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding (2022: same).

9. DIVIDENDS

No dividends had been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

10. TRADE RECEIVABLES

	2023	2022
	S$	*S$*
Trade receivables from third parties	**3,575,060**	2,442,904
Less: allowance for ECLs of trade receivables	**(383,117)**	(270,234)
	3,191,943	2,172,670
Retentions	**1,057,561**	564,659
	4,249,504	2,737,329

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, is as follows:

	2023	2022
	S$	*S$*
Below 30 days	**2,974,165**	1,746,244
31–60 days	**182,462**	320,106
61–90 days	**34,160**	6,687
91–120 days	**1,156**	4,538
Over 120 days	**–**	95,095
	3,191,943	2,172,670

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	S$	*S$*
Deposits paid to third parties	**57,656**	123,480
Staff loans	**8,391**	32,914
Prepayments	**4,143**	12,351
Other receivables	**3,419**	71,854
	73,609	240,599

12. TRADE AND OTHER PAYABLES

	2023	2022
	S$	*S$*
Trade payables	**2,231,873**	1,572,269
Accrued expenses	**855,850**	909,153
Other payables	**94,548**	1,029,443
	3,182,271	3,510,865

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

	2023	2022
	S$	*S$*
Up to 30 days	**1,361,649**	888,182
31–60 days	**769,021**	538,122
61–90 days	**96,307**	103,572
91–120 days	**4,896**	42,393
	2,231,873	1,572,269

13. BORROWINGS

	2023	2022
	S$	*S$*
Non-current		
Bank borrowings (secured) *(Note)*	**–**	97,510
Current		
Bank borrowings (secured) *(Note)*	**–**	585,064
Total borrowings	**–**	682,574

Note:

Term loan

The term loan is denominated in S$, bearing interest at 1.5% per annum. As at 31 December 2022, the bank borrowings of S$682,574 is secured by a first legal mortgage on the leasehold building and corporate guarantees. It has been fully repaid during the year ended 31 December 2023.

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

	2023	2022
	S$	*S$*
Within 1 year	–	585,064
Between 1 and 2 years	–	97,510
	–	682,574

14. SHARE CAPITAL

The movements of the share capital are as follow:

	Number of shares	**Share capital**
		HK$
Authorised:		
Ordinary shares at HK$0.01 each		
As at 31 December 2022 and 2023	10,000,000,000	100,000,000

	Number of Shares	**Share capital**
		S$
Issued and fully paid:		
As at 1 January 2022, 31 December 2022 and 2023	1,000,000,000	1,742,159

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is an established and leading demolition services provider in Singapore and has been running the demolition business in Singapore for more than 30 years in both the public and private sectors. The Group is principally engaged in the demolition of various types of buildings and structures, including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures in Singapore. To a lesser extent, the Group also leases and sells demolition machinery. The Shares have been successfully listed on the Main Board of the Stock Exchange since the Listing Date. The Listing not only benefited the Group with easier access to capital and fund raising, but also implicates recognition of the Group's leading position in the demolition services industry in Singapore, and has enhanced the Group's visibility and prestige.

During FY2023, the Group's total revenue decreased by S$3.3 million or 10.1% from S$32.7 million in FY2022 to approximately S$29.4 million in FY2023. The decrease was mainly attributable by the plummet in the price of salvage materials as their demand in Singapore and other countries such as Mainland China have diminished as a result of the adverse market conditions in Asia during the year. The Group has recorded a gross profit margin of 31.5% in FY2023 from a gross profit margin of 29.0% in FY2022, The slightly increased underscores management's commitment to optimizing operational efficiency and financial residence amidst challenging market dynamics.

During FY2023, the Group secured 16 demolition projects for different types of buildings, including residential blocks and factory buildings in Singapore and completed 11 demolition projects (including on-going projects from FY2022). The Group's outstanding projects secured in FY2023 are progressing on schedule with an expected total revenue of approximately S$12.0 million.

OUTLOOK AND PROSPECTS

In February 2024, the Ministry of Trade and Industry in Singapore announced a 1.1% improvement in Singapore's economy for 2023, projecting a GDP growth forecast of 1.0% to 3.0%. This modest yet positive growth trajectory underscores Singapore's resilience amidst global economic challenges. Looking ahead to January 2024, the Building and Construction Authority in Singapore forecasts total construction demand for 2024 to range between S$32 billion and S$38 billion, indicating a robust outlook for the construction sector. Notably, approximately 60% of this demand, valued between S$18 billion and S$21 billion, is expected to be contributed by the public sector, driven by ongoing public housing projects and industrial and institutional building constructions. Concurrently, private sector construction demand is estimated to be between S$14 billion and S$17 billion, demonstrating a balanced demand outlook across both sectors.

Amidst large-scale economic stimulus policies and the potential growth of the construction industry in Singapore, the demolition sector is poised for strengthening. The industry is expected to capitalize on opportunities arising from the revival of inbound tourism and the redevelopment of commercial premises, aligning with broader economic growth initiatives. Despite facing challenges such as significant downturns in salvage material prices, reflecting weakened demand in Singapore and other markets like Mainland China, due to prevailing adverse market conditions in Asia, particularly during the period, our management remains steadfast in navigating these challenges. By optimizing operational efficiency and maintaining financial resilience amidst dynamic market conditions, the Group continues to uphold its commitment to maintaining gross profit margins.

Looking forward, the Group anticipates continued expansion in construction demand resilience for 2024, buoyed by recent developments and ongoing growth in the construction industry. While challenges persist, the Group remains proactive in its approach, leveraging its expertise and resources to navigate market dynamics effectively. With a strategic focus on its core business of providing demolition services, the Group also seeks to expand and diversify into new opportunities to enhance shareholder value and complement existing business lines, ensuring sustained growth and competitiveness in the marketplace.

FINANCIAL REVIEW

Revenue

During FY2023, the revenue of the Group was mainly derived from the provision of demolition and related value-added services to the Group's project owners (the "**Contract Revenue**"). The Contract Revenue comprised of (i) the net contract sum from the project owners; (ii) the proceeds for the services provided for the disposal of salvage materials removed from the demolition sites to salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at the demolition sites for landfilling purpose. During FY2023, the Group's total revenue decreased by approximately S$3.3 million or 10.1% from S$32.7 million in FY2022 to approximately S$29.4 million in FY2023. The decrease was mainly due to lower proceeds from disposal of salvage materials recorded from the secured contracts.

The following table sets forth the breakdown of revenue by source for FY2023 and FY2022 respectively:

	FY 2023	FY 2022
	S$'000	*S$'000*
Net Contract Sum	**6,843**	4,009
Proceeds from Disposal of Salvage Materials	**21,846**	28,010
Earth Depositing Proceeds	**417**	420
Other Revenue	**246**	299
	29,352	32,738

Cost of sales

The Group's cost of sales for FY2023 amounted to approximately S$20.1 million, representing a decrease of S$3.1 million or 13.4% from approximately S$23.2 million in FY2022. The cost of sales mainly comprised of (i) direct labour costs; (ii) depreciation of the Group's machinery and equipment; (iii) raw materials, consumables and other overheads; and (iv) subcontractor charges. The decrease in the cost of sales of the Group in FY2023 was mainly due to the decrease in subcontractor charges of approximately S$1.3 million and raw materials, consumables and other overheads of S$2.7 million as a results of the various project schedules.

Gross profit and gross profit margin

The Group's gross profit decreased by S$0.3 million or 3.2%, from a gross profit of approximately S$9.5 million for FY2022 to a gross profit of approximately S$9.2 million for FY2023. The Group's gross profit margin was approximately 31.5% and 29.0% for FY2023 and FY2022, respectively. The management prefers not doing a price cut and keep the gross profit level by working efficiently and staying financially strong, even when the market changes.

Administrative expenses

The Group's administrative expenses for FY2023 amounted to approximately S$9.4 million, representing an increase of S$0.8 million or 9.3% from approximately S$8.6 million in FY2022. The administrative expenses primarily consisted of (i) staff costs; (ii) depreciation costs in respect of the Group's property, office equipment and motor vehicles; and (iii) legal and professional fees. The increase in FY2023 was mainly due to the increase in employee benefits expenses.

Other income

During FY2023, the Group's other income amounted to S$0.5 million representing an increase of S$0.2 million or 66.7% from approximately S$0.3 million in FY2022. The increase primarily resulted from an increase of S$0.3 million in interest income during FY2023, and partially offset by a decrease of S$0.2 million in government grants.

Finance costs

During FY2023, finance costs incurred by the Group was S$0.3 million, representing no major change as compared to FY2022.

Income tax

During FY2023, the Group's income tax amounted to S$0.3 million, mainly represented as deferred income tax. There were no current income tax expenses incurred during both years due to the utilisation of business losses brought forward to net off with the chargeable income.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to equity holders of the Company amounted to approximately S$25,000 for FY2023, compared with approximately S$0.5 million for FY2022. There was earnings per share of S$0.002 cents for FY2023 as compared to earnings per share of S$0.05 cents for FY2022.

Capital structure, liquidity and financial resources

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

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

As at 31 December 2023, the Group had net current assets of approximately S$24.3 million as compared to S$21.9 million as at 31 December 2022, representing an increase of approximately S$2.4 million or 11.0%. The increase was mainly due to the increase in contract related assets and costs and trade receivables, decrease in borrowings, partially offset by the decrease in cash and cash equivalents. As at 31 December 2023, the Group had cash and cash equivalents of approximately S$15.1 million as compared to S$17.1 million as at 31 December 2022. During FY2023, the cash was used primarily for payment of lease liabilities and borrowings of the Group. The decrease of cash and cash equivalents as at 31 December 2023 was mainly due to lesser cost generated from operating activities. The Board considers the level of cash balances reasonable and would enable the Company to take on suitable business opportunities in a very competitive and efficient manner.

As at 31 December 2023,

a. the total amount of the issued share capital of the Company was HK$10,000,000, divided into 1,000,000,000 shares of HK$0.01 per share. There were no movements in the Company's share capital during FY2023.

b. the leasehold land and building of the Group with carrying amounts of approximately S$4.7 million and S$5.1 million were mortgaged to licensed banks as security for credit facilities granted to the Group for FY2023 and FY2022 respectively.

c. the Group had no bank borrowings (FY2022: S$0.7 million) and lease liabilities of S$9.1 million (FY2022: S$9.1 million). All of the lease liabilities and bank borrowings were denominated in S$.

d. the Group's total equity attributable to equity holders of the Company amounted to approximately S$40.1 million as compared to S$39.9 million as at 31 December 2022. The capital of the Company mainly comprises share capital and reserves.

Gearing ratio

The gearing ratio (calculated by dividing the obligations under borrowings and lease liabilities by total equity and then multiplied by 100%) decreased from 24.6% as at 31 December 2022 to 22.7% as at 31 December 2023. This resulted from a decrease in bank borrowings and also improvement in equity.

Treasury policies

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

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities or outstanding litigation (2022: none).

Capital commitment

As at 31 December 2023, the Group did not have capital commitments for the purchase of property, plant and equipment (2022: Nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

As at 31 December 2023, save as disclosed in this announcement, the Group did not have plans for material acquisitions or disposals of subsidiaries or associates during FY2023.

Future plans for material investments or capital assets

As at 31 December 2023, save as disclosed in this announcement, the Group did not have specific plans for material investments or capital assets in the coming year.

Significant investment held

As at 31 December 2023, save as disclosed in this announcement, there was no material investment held by the Group.

Charge of the Group's assets

As at 31 December 2023, the leasehold land and building of the Group with carrying amounts of approximately S$4.7 million (2022: S$5.1 million) were mortgaged to licensed banks as security for credit facilities granted to the Group.

Foreign currency exposure

The Group operates in Singapore and most of its income and expenditures are denominated in Singapore Dollar ("**S$**"), being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables denominated in the United States dollar, Chinese Yuan and Hong Kong dollar. As at 31 December 2023, should S$ be strengthened/weakened by 4% against those currencies, with all other variables held constant, the impact on the Group's post tax profit and the equity would have been approximately S$5,000 (2022: S$5,000) lower/higher for the year ended 31 December 2023 as a result of foreign exchange losses/gain.

EVENTS AFTER THE REPORTING PERIOD

On 1 March 2024, the Group completed the deregistration of a Hong Kong subsidiary, YOLO Holding Limited, which is an investment holding company of 廣州悠樂未來科技有限公司 ("**廣州悠樂**"). 廣州悠樂 is a subsidiary located in People's Republic of China and was liquidated during the year ended 31 December 2023. Save as disclosed above, there was no material subsequent events undertaken by the Company or the Group after 31 December 2023 and up to the date of this announcement.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 121 employees, 4 less than the same time in 2022. All of the Directors and employees are located in Singapore and Hong Kong. The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications and role. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as in incentive.

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

USE OF PROCEEDS FROM LISTING

On 8 November 2019, the issued shares of the Company were listed on the Stock Exchange. A total of 250,000,000 ordinary shares were issued to the public at a price of HK$0.5 per share for net proceeds of approximately HK$77.5 million after the deduction of related listing expenses. These proceeds were utilised in accordance with the proposed allocation set out in the prospectus of the Company.

Set out below are details of the allocation of the net proceeds, the utilised amount of the net proceeds as at 31 December 2023:

Use of Net Proceeds	**Intended amount of use of proceeds** *HK$'000*	**Approximate Unused Net Proceeds as at 31 December 2022** *HK$'000*	**Approximate Amount of Net Proceeds utilised during FY2023** *HK$'000*	**Approximate Unused Net Proceeds as at 31 December 2023** *HK$'000*	**Expected timeline for utilising the Unused Net Proceeds**
Enhancing the machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	51,200	22,763	5,384	17,379	On or before end of year 2024
Repaying the bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing were used as working capital	13,500	–	–	–	–
Expanding the labour force by recruiting additional staff, including project management and project execution staff	9,100	3,503	3,503	–	–
Engagement of professional consultant to review the internal management systems for the purpose of the registration for B1 grade under the CW02 "Civil Engineering" workhead	2,200	2,200	–	2,200	On or before end of year 2024
Group's general working capital	1,500	–	–	–	–

As at 31 December 2023, the amount of the net proceeds which remained unutilised amounted to approximately HK$19.6 million. Since 2020, COVID-19 pandemic had imposed negative impact to the overall business environment in Singapore and the correspondent strictly enforced lockdown had led to uncertain economic and market conditions. In such circumstances, the Company has taken a responsible and prudent view to implement the business strategies which lead to the delay in using the Net Proceeds. Nevertheless, the Group has endeavored to adhere to the implementation plan for the use of the Net Proceeds as disclosed in the Prospectus, and has been monitoring the market conditions in Singapore and making assessments from time to time on the right timing to utilise the Net Proceeds. Accordingly, the remaining unutilised net proceeds are expected to be fully utilised on or before 31 December 2024 for the following purposes:

- acquisition of property, plant and equipment;
- application costs, including professional fees etc. for upgrading the "CW02, Civil Engineering" workhead from C1 grade to B1 Grade; and
- recruitment of new staff.

SHARE OPTION SCHEME

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

The principal terms of the Share Option Scheme are summarized in Appendix V to the Prospectus. Subject to the provisions of the Share Option Scheme, the Board may grant options at any time from time to time within a period of ten years from the Adoption Date. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Limit**"), unless approved by its Shareholders pursuant to the paragraph below.

The Company may seek separate approval of the Shareholders in a general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as of the date of the approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The total number of Shares issued and to be issued upon exercise of options granted to any Eligible Persons (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in any issue.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option outstanding as at 31 December 2023.

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

During FY2023, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code to the Listing Rules as its own code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiries with the Directors, all the Directors confirm that they have complied with the required standard set out in the Model Code during FY2023.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Company's shareholders (the "**Shareholders**") and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG code**") contained in Appendix C1 to the Listing Rules.

To the best of the knowledge of the Board, the Company has complied with the CG code during the FY2023 with the exception from code provision C.2.1 as explained below. The Board will periodically review on the Company's corporate governance functions and will continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

DEVIATION FROM 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, our Board believes it is in the best interests of our Group to have Mr. Tan take up both roles of effective management and business development. The Directors consider that vesting the roles of the chairman of the Board and chief executive officer in the same person facilitates the execution of the Group's business strategies and decision making, and maximises the effectiveness of the Group's operation. The Directors also believe that the presence of three Independent Non-Executive Directors ("**INED**") provides added independence to the Board, and that the Board is appropriately structured to maintain the balance of power and to provide sufficient checks to protect the interests of the Company and its Shareholders. The Directors shall review the structure from time to time and consider an adjustment should it become appropriate.

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

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG code. The Audit Committee consists of three INEDs, namely Mr. Leung Yau Wan John, Mr. Wee Chorng Kien and Mr. Leung Kee Wai. The chairman of the Audit Committee, Mr. Leung Yau Wan John, possesses the appropriate professional qualifications and financial expertise for the purposes of compliance with the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2023 and of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. The Audit Committee has also reviewed the effectiveness of the internal control system of the Group and considered the system to be effective and adequate.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's independent auditor, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants of Hong Kong ("**McMillan Woods**") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with the International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently, no assurance has been expressed by McMillan Woods on this preliminary announcement.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 pm on Friday, 24 May 2024.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This annual results announcement is published on the websites of the Company (www.bsm.com.sg) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for FY2023 will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 28 March 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 Director; and (b) Mr. Leung Yau Wan John, Mr. Wee Chorng Kien and Mr. Leung Kee Wai as Independent Non-executive Directors.