Wei Yuan Holdings Limited
偉源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1343)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2023	2022
	Notes	***S$'000***	*S$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**46,101**	52,471
Cost of sales		**(38,916)**	(45,567)
Gross profit		**7,185**	6,904
Other income and other gains, net	*5*	**407**	1,222
Administrative expenses		**(4,896)**	(5,216)
Reversal of impairment of trade receivables and contract assets		**83**	47
Operating profit	*6*	**2,779**	2,957
Finance income	*7*	**30**	7
Finance costs	*7*	**(771)**	(525)
Share of loss of joint ventures, net of tax		**(455)**	(301)

	Notes	For the six months ended 30 June 2023 S$'000 (Unaudited)	2022 S$'000 (Unaudited)
Profit before income tax		**1,583**	2,138
Income tax expense	*8*	**(567)**	(659)
Profit for the period		**1,016**	1,479
Profit for the period attributable to:			
Equity holders of the Company		**448**	1,220
Non-controlling interests		**568**	259
		1,016	1,479
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(7)**	16
Share of other comprehensive income of joint ventures		**127**	74
Other comprehensive income for the period, net of tax		**120**	90
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**568**	1,310
Non-controlling interests		**568**	259
		1,136	1,569
Earnings per share (expressed in Singapore cents per share)			
Basic and diluted	*9*	**0.04**	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Non-current liabilities			
Deferred income tax liabilities		**145**	131
Bank and other borrowings	*12*	**2,207**	2,424
Lease liabilities		**2,997**	3,071
Provisions		**657**	645
		6,006	6,271
Net assets		**56,228**	55,092
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**1,915**	1,915
Share premium		**15,475**	15,475
Revaluation reserve		**586**	586
Other reserve		**10,413**	10,413
Exchange reserve		**121**	1
Retained earnings		**24,584**	24,136
		53,094	52,526
Non-controlling interests		**3,134**	2,566
Total equity		**56,228**	55,092

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is 37 Kranji Link, Singapore 728643.

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

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

2. BASIS OF PREPARATION

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

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

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

The Group has not early applied the new and amendments to IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the related impact to the Group that are relevant to the Group. According to the preliminary assessment made, the directors of the Company do not anticipate any significant impact on the Group's financial position and results of operations.

3 SEGMENT INFORMATION

The Chief Operating Decision-Maker (the "**CODM**") has been identified as the executive directors of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

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

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

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

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

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

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

4 REVENUE

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

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

5 OTHER INCOME AND OTHER GAINS, NET

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

* Less than S$1,000

Notes:

(a) A property acquired during the year ended 31 December 2021 comprises a portion that was held to earn rentals. The management views that the portion could not be sold separately and the portion held for rental income is insignificant. The property is mainly used as warehouse of the Group, therefore it is classified as property, plant and equipment.

(b) For the six months ended 30 June 2023, government grants mainly included Enterprise Development Grant by Enterprise Singapore of approximately S$40,480.

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

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

6 OPERATING PROFIT

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

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

Note:

Amounts are included in cost of sales.

7 FINANCE INCOME AND FINANCE COSTS

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

* Less than S$1,000

8 INCOME TAX EXPENSE

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

* Less than S$1,000

Notes:

(a) Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) No provision for income tax in BVI has been made as the Company's subsidiaries had no assessable income in BVI during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

(c) Hong Kong Profits Tax had not been provided for as the Company and its subsidiaries had no assessable profit in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

(d) The Group mainly operates in Singapore. Income tax had been provided at the applicable tax rate of 17% (six months ended 30 June 2022: Same) of Singapore on the estimated assessable profits during the six months ended 30 June 2023.

9 EARNINGS PER SHARE

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

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

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

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

10 INVESTMENTS IN JOINT VENTURES

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

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

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

Notes:

(i) SWG is an investment holding company. The principal activities of its subsidiaries are manufacture of precast concrete, cement or artificial stone articles and manufacture of asphalt and quarry products.

(ii) Futurus Construction Pte. Ltd. is principally engaged in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.

11 TRADE RECEIVABLES

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

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

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

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

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

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

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

12 BANK AND OTHER BORROWINGS

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

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

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

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

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

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

13 TRADE AND RETENTION PAYABLES

The average credit period granted for creditors was 30 days.

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

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

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

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

14 CONTRACT ASSETS/(LIABILITIES)

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

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

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

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

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

15 SHARE CAPITAL

	Par value	**No. of shares**	**Share capital**
	HK$		*HK$'000*
Authorised:			
At 31 December 2022 (Audited)	0.01	2,000,000,000	20,000
At 30 June 2023 (Unaudited)	0.01	2,000,000,000	20,000

	No. of shares	***HK$'000***	***S$'000***
Issued and fully paid:			
At 31 December 2022 (Audited)	1,064,000,000	10,640	1,915
At 30 June 2023 (Unaudited)	1,064,000,000	10,640	1,915

16 DIVIDEND

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

17 SUBSEQUENT EVENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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

BUSINESS REVIEW AND PROSPECT

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

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

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

ONGOING PROJECTS

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

FINANCIAL REVIEW

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

Revenue

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

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

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

(i) decrease in revenue from contract works by approximately S$10.0 million with combined effects of (a) the decrease in revenue from power cable installation projects by approximately S$12.0 million was mainly due to lesser progress of the projects with revenue recognised during the six months ended 30 June 2023 compared to 30 June 2022; and (b) the increase in revenue from telecommunication cable installation projects by approximately S$2.0 million was due to substantial progress of three of the projects with revenue recognised for the six months ended 30 June 2023 compared to 30 June 2022;

(ii) increase in revenue from road milling and resurfacing services by approximately S$2.8 million;

(iii) increase in revenue from ancillary support and other services by approximately S$0.7 million due to increased revenue from leasing of vehicles; and

(iv) slight increase in revenue from sales of goods and milled waste by approximately S$0.1 million.

Cost of sales

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

Gross profit and gross profit margin

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

Other income and other gains, net

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

Administrative expenses

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

Reversal of impairment of trade receivables and contract assets

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

Finance income

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

Finance costs

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

Income tax expense

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

Profit for the period

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

INTERIM DIVIDEND

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

Borrowings

As at 30 June 2023, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S$34.4 million (31 December 2022: S$35.6 million) which were denominated in Singapore dollars. The Group's borrowings have not been hedged by any interest rate financial instruments. Details of the maturity profile and interest rate of the borrowings are set out in Note 12 to this announcement.

Gearing ratio

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

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

Net debt to total capital ratio

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

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

Pledge of assets

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

CAPITAL EXPENDITURES AND COMMITMENTS

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

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

CONTINGENCIES

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

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

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

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

Financial instruments

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

FOREIGN EXCHANGE EXPOSURE

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

EVENTS AFTER REPORTING PERIOD

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

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at http://www.weiyuanholdings.com. The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

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

Singapore, 29 August 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ng Tian Soo, Mr. Ng Tian Fah and Mr. Huang Lei; and three independent non-executive Directors, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland.