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 2024

The board (the "**Board**") of directors (the "**Directors**") of Wei Yuan Holdings Limited (the "**Company**") present the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2024	2023
	Notes	***S$'000***	*S$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**45,432**	46,101
Cost of sales		**(39,362)**	(38,916)
Gross profit		**6,070**	7,185
Other income and other gains, net	*5*	**496**	407
Administrative expenses		**(4,346)**	(4,896)
(Allowance for)/reversal of impairment of trade receivables and contract assets		**(14)**	83
Operating profit	*6*	**2,206**	2,779
Finance income	*7*	**51**	30
Finance costs	*7*	**(761)**	(771)
Share of loss of joint ventures, net of tax		**(750)**	(455)

	Notes	For the six months ended 30 June **2024** ***S$'000*** **(Unaudited)**	 2023 *S$'000* (Unaudited)
Profit before income tax		**746**	1,583
Income tax expense	*8*	**(529)**	(567)
Profit for the period		**217**	1,016
Profit for the period attributable to:			
Equity holders of the Company		**2**	448
Non-controlling interests		**215**	568
		217	1,016
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(8)**	(7)
Share of other comprehensive income of a joint venture		**597**	127
Other comprehensive income for the period, net of tax		**589**	120
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**591**	568
Non-controlling interests		**215**	568
		806	1,136
Earnings per share (expressed in Singapore cents per share)			
Basic and diluted	*9*	**0.0002**	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 S$'000 (Unaudited)	As at 31 December 2023 S$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**20,058**	21,352
Right-of-use assets		**2,884**	3,116
Investment properties		**2,290**	2,290
Investments in joint ventures	*10*	**1,779**	1,932
Other financial assets		**89**	89
Deferred income tax assets		**73**	9
		27,173	28,788
Current assets			
Inventories		**1,189**	1,122
Trade receivables	*11*	**11,104**	7,846
Contract assets	*14*	**38,314**	46,809
Deposits, prepayments and other receivables		**2,823**	2,282
Pledged bank deposits		**5,071**	3,503
Cash at banks and on hand		**18,447**	18,967
		76,948	80,529
Current liabilities			
Trade and retention payables	*13*	**10,068**	12,541
Accruals, other payables and provisions		**4,710**	5,912
Contract liabilities	*14*	**239**	329
Current income tax liabilities		**1,183**	1,036
Bank and other borrowings	*12*	**25,223**	26,778
Lease liabilities		**502**	695
		41,925	47,291
Net current assets		**35,023**	33,238
Total assets less current liabilities		**62,196**	62,026

	Notes	As at 30 June 2024 S$'000 (Unaudited)	As at 31 December 2023 S$'000 (Audited)
Non-current liabilities			
Deferred income tax liabilities		**230**	272
Bank and other borrowings	*12*	**1,592**	2,169
Lease liabilities		**2,555**	2,584
Provisions		**716**	704
		5,093	5,729
Net assets		**57,103**	56,297
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		**674**	85
Retained earnings		**24,906**	24,904
		53,969	53,378
Non-controlling interest		**3,134**	2,919
Total equity		**57,103**	56,297

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, and Ms. Ng Mei Lian (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 OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which collective term includes all International Financial Reporting Standards, International Accounting Standard ("**IASs**") 34, "Interim Financing Reporting" issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of Appendix D2 to 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 annual consolidated financial statements for the year ended 31 December 2023.

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024. The adoption of these new or revised International Financial Reporting Standards has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's unaudited condensed consolidated interim financial statements:

Amendments to IFRS 16	Lease liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in 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 2024, there were 3 customers (six months ended 30 June 2023: 3 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 2024 and 2023 are summarised below:

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Customer 1	**16,678**	10,923
Customer 2	**8,915**	N/A*
Customer 3	**6,734**	N/A*
Customer 4	**N/A***	6,315
Customer 5	**N/A***	4,657

* The corresponding revenue from this customer is not disclosed as such revenue alone did not account for 10% or more of the Group's 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	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Revenue from contract works	**37,419**	37,574
Road milling and resurfacing services	**4,660**	5,957
Ancillary support and other services	**2,129**	1,776
Sale of goods and milled waste	**1,224**	794
	45,432	46,101
Revenue recognised:		
Over time	**44,208**	45,307
At point in time	**1,224**	794
	45,432	46,101

5 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Other income:		
Rental income from investment properties	**36**	34
Rental income from a property *(Note (a))*	**167**	164
Government grants *(Note (b))*	**134**	103
Workplace safety and health awards	**24**	24
Gain on disposal of subsidiaries *(Note 16)*	**65**	–
Others	**7**	3
	433	328
Other gains, net:		
Gain on disposal of property, plant and equipment, net	**67**	79
Loss on write off of property, plant and equipment, net	**(4)**	–*
Loss on foreign exchange difference, net	**–***	–*
	63	79
	496	407

* Less than S$1,000

Notes:

(a) The acquired property comprises a portion that is held to earn rentals which the management views that the portion could not be sold separately and the portion held for rentals 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 2024, government grants were represented by general incentives and subsidies provided by Singapore Government for supporting local entities and community, such as Enterprise Development Grant, Senior Employment Credit, Progressive Wage Credit Scheme, Childcare Leave Scheme etc (six months ended 30 June 2023: Same). These incentives and subsidies were granted in the form of cash payout and there were not unfulfilled conditions or contingencies relating to these grants.

6 OPERATING PROFIT

Operating profit for the period is stated after charging the following:

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Raw material and consumables used	**5,687**	5,992
Subcontracting charges	**12,851**	12,748
Site expense	**1,762**	1,661
Auditor's remuneration	**106**	98
Depreciation of property, plant and equipment	**2,869**	2,732
Depreciation of right-of-use assets	**476**	473
Employee benefit expenses, including directors' emoluments	**12,874**	13,468
Insurance expenses	**432**	469
Expenses relating to short term leases and low value assets	**–***	14

* Less than S$1,000

7 FINANCE INCOME AND FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interests from:		
— Bank deposits	**28**	14
— Pledged bank deposits	**23**	16
	51	30
Finance costs		
Interests on:		
— Bank and other borrowings	**681**	682
— Lease liabilities	**68**	77
— Unwinding of discount of reinstatement costs	**12**	12
	761	771

8 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Current tax		
— Current period — Singapore *(Note (d))*	**635**	782
— Under provision in prior years	**–**	–*
Deferred tax		
— Current period	**(106)**	(215)
Income tax expense	**529**	567

* 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 2024 (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 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 2023: 17%) of Singapore on the estimated assessable profits during the six months ended 30 June 2024.

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	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the equity holders of the Company *(S$'000)*	**2**	448
Number of shares:		
Weighted average number of ordinary shares in issue *(in thousand)*	**1,064,000**	1,064,000

For the six months ended 30 June 2024 and 2023, 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 diluted potential ordinary shares outstanding during the six months ended 30 June 2024 (six months ended 30 June 2023: Same).

10 INVESTMENTS IN JOINT VENTURES

	As at 30 June 2024	As at 31 December 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Beginning of the period/year	**1,932**	3,623
Share of loss for the period/year, net of tax	**(750)**	(729)
Share of other comprehensive income for the period/year, net of tax	**597**	88
Impairment of investment	**–**	(1,050)
End of the period/year	**1,779**	1,932

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.

Name of entity	Place of incorporation	Place of business	% of ownership interest	
			As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
SWG Alliance Pte. Ltd. ("**SWG**") and its subsidiaries *(Note i)*	Singapore	Singapore and Malaysia	**40**	40
Futurus Construction Pte. Ltd. *(Note ii)*	Singapore	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, manufacture of asphalt products, 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.

The investment in SWG has written down to its recoverable amount as at 31 December 2023, which was determined based on its value in use using the discounted cashflow model. The result of the total projected cashflow was discounted to its present value, the equity share thereof was then compared to the carrying value of SWG as at 31 December 2023. Impairment was provided when recoverable amount is less than the carrying amount.

19% pre-tax discount rate, equivalent to 15% pre-tax discount rate, was used by the Group in performing the discounted cashflow of SWG, which represented the management's best estimate of current market assessment of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted.

As at 31 December 2023, the Group's equity share of the recoverable amount of SWG, based on 15% discounted cashflow, was approximately S$1,865,000. Compared with the carrying value of SWG as at the same date of approximately S$2,915,000, impairment of investment of approximately S$1,050,000 was provided accordingly.

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures for the six months ended 30 June 2024 (31 December 2023: Same).

11 TRADE RECEIVABLES

	As at 30 June 2024 *S$'000* (Unaudited)	As at 31 December 2023 *S$'000* (Audited)
Trade receivables		
— Third parties	**10,864**	7,888
— Related parties	**383**	100
	11,247	7,988
Less: Allowance for impairment	**(143)**	(142)
Trade receivable — net	**11,104**	7,846

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 2024 *S$'000* (Unaudited)	As at 31 December 2023 *S$'000* (Audited)
Less than 30 days	**8,585**	6,398
31–60 days	**1,521**	702
61–90 days	**393**	544
91–120 days	**171**	48
121–365 days	**303**	23
More than 1 year	**274**	273
	11,247	7,988

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 2023	52	122	174
Impairment made	–	4	4
Impairment reversed	(15)	(13)	(28)
Impairment utilised	–	(8)	(8)
As at 31 December 2023 and 1 January 2024 (Audited)	37	105	142
Impairment made	–	19	19
Impairment reversed	(12)	(6)	(18)
As at 30 June 2024 (Unaudited)	25	118	143

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 2024	As at 31 December 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Borrowings from bank — secured	**26,270**	28,423
Borrowings from non-bank financial institution— secured	**545**	524
	26,815	28,947

As at 30 June 2024, the Group's bank borrowings with carrying amount of approximately S$20,315,000 (31 December 2023: S$20,817,000) were variable-rate borrowings which carried annual interest ranging from 4.59% to 6.30% (31 December 2023: 1.68% to 6.73%) per annum.

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

	As at 30 June 2024	As at 31 December 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Within 1 year or on demand	**25,223**	26,778
After 1 year but within 2 years	**1,067**	1,451
After 2 years but within 5 years	**525**	718
	26,815	28,947

As at 30 June 2024, the Group's bank and other 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 2023: Same).

The weighted average interest rate was 4.91% as at 30 June 2024 (31 December 2023: 4.51%).

13 TRADE AND RETENTION PAYABLES

The average credit period granted for creditors was 30 days.

	As at 30 June 2024	As at 31 December 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade payables		
— Third parties	**9,898**	12,175
— Related parties	**10**	16
	9,908	12,191
Retention payable		
— Third party	**160**	350
	10,068	12,541

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 2024 ***S$'000*** **(Unaudited)**	As at 31 December 2023 *S$'000* (Audited)
Less than 30 days	**7,345**	8,648
31–60 days	**757**	1,805
61–90 days	**540**	778
91–120 days	**531**	915
121–365 days	**698**	8
More than one year	**37**	37
	9,908	12,191

As at 30 June 2024, retention payables of approximately S$ 160,000 (31 December 2023: S$350,000) were expected to be settled within twelve months after the end of the reporting period.

14 CONTRACT ASSETS/(LIABILITIES)

	As at 30 June 2024 ***S$'000*** **(Unaudited)**	As at 31 December 2023 *S$'000* (Audited)
Retention sum for contract works	**1,407**	1,471
Unbilled revenue of contracts	**37,019**	45,437
	38,426	46,908
Less: Allowance for impairment	**(112)**	(99)
Contract assets	**38,314**	46,809
Contract liabilities	**(239)**	(329)

Retention held by customers expected to be settled:

To be recovered within 12 months	**1,407**	1,471

All contract assets and contract liabilities are mainly arisen from contract works and road milling and resurfacing services. The changes in the contract assets and contract liabilities for the 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 interim condensed consolidated statement of financial position, retention sum for contract works were classified as current assets based on operating cycle. Prior to expiration of 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 2023 (Audited)	0.01	2,000,000,000	20,000
At 30 June 2024 (Unaudited)	0.01	2,000,000,000	20,000

	No. of shares	***HK$'000***	***S$'000***
Issued and fully paid:			
At 31 December 2023 (Audited)	1,064,000,000	10,640	1,915
At 30 June 2024 (Unaudited)	1,064,000,000	10,640	1,915

16 DISPOSAL OF SUBSIDIARIES

On 27 June 2024, the Group disposed of the entire issued share capital of Zhang De Holdings Limited and its subsidiaries, which is engaged in the business of trading of building materials in the People's Republic of China, to an independent third party for a consideration of HK$38,000 (equivalent to approximately S$6,000). The effect of the disposal is summarised as follows:

	S$'000 **(Unaudited)**
Cash at bank	**1**
Trade receivables	**928**
Other receivables	**243**
Trade payables	**(1,166)**
Accruals and other payables	**(65)**
Net liabilities disposed of	**(59)**
Gain on disposal of subsidiaries	**65**
Total consideration	**6**

The consideration of HK$38,000 (equivalent to approximately S$6,000) for disposal of the subsidiaries was received on 4 July 2024.

17 DIVIDENDS

The board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

18 SUBSEQUENT EVENTS

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2024 and up to the date of this interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the Ministry of Trade and Industry Singapore ("**MTI**") announcement on 13 August 2024, the construction sector grew by 3.8% year-on-year in the second quarter of 2024, extending the 4.1% growth in the preceding quarter. The construction sector has experienced significant growth, driven by public sector projects and a strong focus on infrastructure development. Key impacts on the sector include advancements in digital integration, efforts towards sustainability, and a steady pipeline of construction activities. Despite global economic uncertainties, the sector's resilience is bolstered by ongoing government support and strategic initiatives aimed at enhancing productivity and innovation.

BUSINESS REVIEW AND PROSPECT

The core business and revenue structure of the Group have remained unchanged for the six months ended 30 June 2024. The Group's operations, other than those of certain joint ventures, are located in Singapore and its 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.

In 2024, the Group expects business environment to remain challenging after three-year COVID-19 pandemic. The rise in global interest rates and geopolitical tensions will continue to cast a shadow on the business environment. Therefore, the Group will adopt a prudent approach in carrying out its businesses amid these challenges. For the six months ended 30 June 2024, the Group recorded a total revenue of approximately S$45.4 million, representing a decrease of approximately S$0.7 million from approximately S$46.1 million for the six months ended 30 June 2023. The decrease in revenue was mainly due to lower revenue generated from road milling and resurfacing services during the six months ended 30 June 2024 compared to the six months ended 30 June 2023. The civil engineering industry faces additional constraints, including (i) the change to the dependency ceiling ratio of foreign workers to total workforce that a company in a given sector can employ commenced from January 2024, which could impact productivity; and (ii) the prices of materials and energy soar, which are major contributors to the overall increase in construction costs for the ongoing projects. In addition, the current interest rate environment is expected to raise. It could put upward pressure on borrowing costs of the Group's which consequently affects 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 2024. Looking ahead, the Group will (i) closely monitor the global economic trend and market situation and take timely measures to improve its operation and production efficiency; (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.

ONGOING PROJECTS

As at 30 June 2024, the Group had 28 ongoing projects, including 24 ongoing power cable installation projects and four telecommunication cable installation projects with an aggregated contract sum of approximately S$290.6 million, of which approximately S$86.4 million has been recognised as revenue up to 30 June 2024 (31 December 2023: 29 ongoing projects, including 24 ongoing power cable installation projects and five telecommunication cable installation projects with an aggregated contract sum of approximately S$176.2 million, of which approximately S$82.1 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 2024 as compared to six months ended 30 June 2023.

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 2024 and 2023.

	For the six months ended 30 June	
	2024	2023
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Revenue from contract works		
— Power	**36,772**	32,803
— Telecommunication	**647**	4,771
Subtotal	**37,419**	37,574
Road milling and resurfacing services	**4,660**	5,957
Ancillary support and other services	**2,129**	1,776
Sales of goods and milled waste	**1,224**	794
Total	**45,432**	46,101

The Group's revenue decreased by approximately S$0.7 million from approximately S$46.1 million for the six months ended 30 June 2023 to approximately S$45.4 million for the six months ended 30 June 2024 representing decrease of approximately 1.5%. This decrease was mainly attributable to:

(i) decrease in revenue from contract works by approximately S$0.2 million was due to the combined effects of (a) increase in revenue from power cable installation projects by approximately S$3.9 million for the six months ended 30 June 2024 compared to the six months ended 30 June 2023; and (b) decrease in revenue from telecommunication cable installation projects by approximately S$4.1 million due to lesser of contract sum of ongoing progress projects with revenue recognised during the six month ended 30 June 2024 compared to the six months ended 30 June 2023;

(ii) decrease in revenue from road milling and resurfacing services by approximately S$1.3 million;

(iii) slight increase in revenue from ancillary support and other services by approximately S$0.4 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$0.4 million.

Cost of sales

The Group's cost of sales increased by approximately S$0.5 million from approximately S$38.9 million for the six months ended 30 June 2023 to approximately S$39.4 million for the six months ended 30 June 2024, representing an increase of approximately 1.3%. The increase was primary due to a rise in transportation expenses of approximately S$0.5 million, driven by increased demand for ancillary support and other services.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately S$1.1 million from approximately S$7.2 million for the six months ended 30 June 2023 to approximately S$6.1 million for the six months ended 30 June 2024, while the Group's gross profit margin decrease from approximately 15.6% for the six months ended 30 June 2023 to approximately 13.4% for the six months ended 30 June 2024. The decrease in gross profit and gross profit margin was mainly due decrease in revenue generated from road milling and resurfacing services and increase in cost of sales of the Group attributable to reasons as elaborated above.

Other income and other gains, net

Other income and other gains, net increased by approximately S$0.1 million from approximately S$0.4 million for the six months ended 30 June 2023 to approximately S$0.5 million for the six months ended 30 June 2024 was mainly attributable to (i) gain on disposal of subsidiaries of approximately S$65,000; and (ii) increase in government subsidies provided by Singapore Government, such as Enterprise Development Grant, Senior Employment Credit, Progressive Wage Credit Scheme and Childcare Leave Scheme, of approximately S$31,000. Details of the gain on disposal of subsidiaries are set out in Note 16 to this announcement.

Administrative expenses

The Group's administrative expenses decreased by approximately S$0.6 million from approximately S$4.9 million for the six months ended 30 June 2023 to approximately S$4.3 million for the six months ended 30 June 2024. Such decrease was mainly attributable to (i) the decrease in employee benefits expenses of approximately S$0.4 million; and (ii) the decrease in legal and professional fees of approximately S$0.2 million.

(Allowance for)/reversal of impairment of trade receivables and contract assets

An allowance of impairment of trade receivables and contract assets, net increased by approximately S$97,000 from reversal of impairment of trade receivables and contract assets approximately S$83,000 for the six months ended 30 June 2023 to allowance of impairment of trade receivables and contract assets approximately S$14,000 for the six months ended 30 June 2024. Such change was mainly attributable to (i) increase in allowance for impairment of trade receivables by approximately S$1,000 for the six months ended 30 June 2024; and (ii) increase in allowance for expected credit loss of contract assets by approximately S$13,000 for the six months ended 30 June 2024.

Finance income

Finance income increased by approximately S$21,000 from approximately S$30,000 for the six months ended 30 June 2023 to approximately S$51,000 for the six months ended 30 June 2024. This was mainly attributable to an increase in interest income from bank deposits and pledged bank deposits.

Finance costs

Finance costs represented interest expense relating to bank and other borrowings, lease liabilities and unwinding of discount of reinstatement costs. The slight decreased by approximately S$10,000 from approximately S$771,000 for the six months ended 30 June 2023 to approximately S$761,000 for the six months ended 30 June 2024. The decrease represented the reduction of finance charges of lease liabilities.

Share of loss of joint ventures, net of tax

The share of loss of joint ventures increased by approximately S$0.3 million from approximately S$0.5 million for the six months ended 30 June 2023 to approximately S$0.8 million for the six months ended 30 June 2024.

Income tax expense

Income tax expenses decreased by approximately S$38,000 for the six months ended 30 June 2024 compared to six months ended 30 June 2023. Such decrease was mainly due to the decrease in assessable profit generated during the period.

Profit for the period

As a result of the foregoing, the Group recorded a net profit of approximately S$0.2 million for the six months ended 30 June 2024 as compared to the net profit approximately S$1.0 million for the six months ended 30 June 2023, representing a decrease of approximately S$0.8 million. This decrease is mainly attributable to net effects of (i) decrease in revenue from road milling and resurfacing services; (ii) decrease in overall gross profit margin; and (iii) increase in share of loss of joint venture.

INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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. The Company's capital comprises ordinary shares and capital reserves.

The Group's liquidity requirements are primarily attributable to the working capital for its business operations. The Group's principal sources of liquidity comprises of cash generated from business operations, cash and cash equivalents, equity contribution from the shareholders and borrowings. As at 30 June 2024, 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 2024, the Group maintained a healthy liquidity position with net current assets balance and cash at banks and on hand of approximately S$35.0 million (31 December 2023: S$33.2 million) and approximately S$18.4 million (31 December 2023: S$19.0 million) respectively. The Group has continue to implement a prudent cash and financial management policy. The Group's cash at banks and on hand were denominated in Singapore dollars and Hong Kong dollars, are generally deposited with certain reputable financial institutions.

The 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 the Group maintains sufficient financial resources to meet its liquidity requirements at all times.

Borrowings

As at 30 June 2024, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S$29.9 million (31 December 2023: S$32.2 million) which were denominated in Singapore dollars. As at 30 June 2024, the Group's bank and other borrowings of approximately of S$6.5 million bear interest at fixed interest rates (31 December 2023: S$8.1 million), while bank borrowing of approximately S$20.3 million (31 December 2023: S$20.8 million) bear interest at floating interest rates. 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 2024, the gearing ratio of the Group was approximately 52.3% (31 December 2023: 57.2%). The decrease in gearing ratio as at 30 June 2024 was mainly due to the decrease in bank and other borrowings by approximately S$2.1 million as at 30 June 2024 as compared to 31 December 2023.

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 2024, net debt to total capital ratio of the Group was approximately 10.0% (31 December 2023: 14.8%). The decrease in net debt to total capital ratio as at 30 June 2024 was mainly due to the (i) the increase in cash at banks and on hand and pledged bank deposits by approximately S$1.0 million; and (ii) decrease in bank and other borrowings by approximately S$2.1 million as at 30 June 2024 as compared to 31 December 2023.

Pledge of assets

As at 30 June 2024, the Group's investment properties with fair value of approximately S$2.3 million (31 December 2023: S$2.3 million), carrying amount of self-occupied properties of approximately S$11.0 million (31 December 2023: S$12.1 million), carrying amounts of motor vehicles and plant and machinery held under hire purchase commitments of approximately S$3.5 million and S$1.9 million (31 December 2023: S$3.7 million and S$2.1 million), respectively, and pledged bank deposits of approximately S$5.1 million (31 December 2023: S$3.5 million) were pledged for bank and other borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2024, the Group incurred capital expenditures of approximately S$1.6 million (six months ended 30 June 2023: S$2.1 million) in respect of the acquisition of plant and equipment and motor vehicles.

As at 30 June 2024, the Group had capital expenditure contracted for as end of the reporting period but not recognised in the unaudited condensed consolidated interim financial statements in respect of purchases of plant and equipment and motor vehicles of approximately S$0.3 million (31 December 2023: S$0.3 million).

CONTINGENCIES

As at 30 June 2024, the Group had performance bonds for guarantees of completion of projects issued by insurance companies and bank amounting to approximately S$10.9 million (31 December 2023: S$10.4 million).

As at 30 June 2024, the Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S$2.0 million (31 December 2023: S$1.8 million).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future 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 2024, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures.

Financial instruments

The Group's 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. The Group's 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 its 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$53,000 as at 30 June 2024 that are exposed to foreign currency risks. The Group does not expect the foreign exchange risk could materially affect the Group's results of operations, and therefore no hedging instrument has been employed as at 30 June 2024. 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 the 30 June 2024, the Group had 650 full time employees (31 December 2023: 634), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the six months ended 30 June 2024 amounted to approximately S$12.9 million (six months ended 30 June 2023: S$13.5 million).

The Group offers remuneration package to its employees which includes salary, bonuses and allowance. Generally, the salary and benefit levels of the employees of the Group are based on each of their qualifications, position and seniority. The Group has an annual review system to appraise the performance of its employees, which constitutes the grounds for the decision to the salary raises, bonuses and promotions. In addition, the Group also pays Central Provident Fund for employees in Singapore. 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. The Company has adopted a share option scheme as an incentive to Directors and eligible employees of the Group.

EVENT AFTER REPORTING PERIOD

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules.

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

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 18 February 2020 as an additional incentive to employees (full-time and part-time), directors, consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the share option scheme since its adoption and during the six months ended 30 June 2024, and there is no outstanding share option as at 30 June 2024.

COMPETING INTERESTS

The controlling shareholders of the Company, the Directors and their respective close associates confirmed that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 June 2024, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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 (including sale of treasury shares of the Company) during the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited interim results for the six months ended 30 June 2024 and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financing reporting matters with the management of the Company including a review of the unaudited condensed consolidated interim financial statements and the interim report of the Company for the six months ended 30 June 2024 with no disagreement by the audit committee of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is 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 2024 will be dispatched to the shareholders of the Company and made available on the above websites in due course.

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

Singapore, 29 August 2024

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.