Wei Yuan Holdings Limited
偉源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1343)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Wei Yuan Holdings Limited (the "**Company**") hereby announces the consolidated audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021 together with comparative figures for the year ended 31 December 2020.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	S$'000	*S$'000*
Revenue	**93,203**	57,117
Gross Profit	**13,174**	4,386
Operating Profit/(Loss)	**4,510**	(2,419)
Profit/(Loss) for the year	**2,133**	(3,776)
Adjusted Profit/(Loss) for the year *(Note 1&2)*	**2,133**	(2,818)
Gross Profit Margin	**14.1%**	7.7%
Profit/(Loss) Margin for the year	**2.3%**	(6.6%)
Adjusted Profit/(Loss) Margin for the year *(Note 1&2)*	**2.3%**	(4.9%)

Notes:

(1) Adjusted profit/(loss) for the year is derived by eliminating the impact of one-off listing expenses from net profit/(loss) for the year.

(2) This non-IFRS financial data is a supplemental financial measure that is not required by, or presented in accordance with IFRSs and is therefore referred to as a "non-IFRS" financial measure. It is not a measurement of the Group's financial performance under IFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with IFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Notes	***S$'000***	*S$'000*
Revenue	*4*	**93,203**	57,117
Cost of sales		**(80,029)**	(52,731)
Gross profit		**13,174**	4,386
Other income and other gains, net	*5*	**2,382**	5,060
Administrative expenses		**(10,133)**	(11,704)
Allowance for impairment of trade receivables and contract assets		**(913)**	(161)
Operating profit/(loss)	*6*	**4,510**	(2,419)
Finance income	*7*	**15**	10
Finance costs	*7*	**(1,115)**	(897)
Share of loss of joint ventures, net of tax	*10*	**(616)**	(392)
Profit/(loss) before income tax		**2,794**	(3,698)
Income tax expense	*8*	**(661)**	(78)
Profit/(loss) for the year		**2,133**	(3,776)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**1,547**	(3,824)
Non-controlling interests		**586**	48
		2,133	(3,776)

	Notes	Year ended 31 December **2021** ***S$'000***	2020 *S$'000*
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**34**	202
Share of other comprehensive income of a joint venture	*10*	**31**	–
Other comprehensive income for the year, net of tax		**65**	202
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**1,612**	(3,622)
Non-controlling interests		**586**	48
		2,198	(3,574)
Earnings/(loss) per share (expressed in Singapore cents per share)			
Basic and diluted	*9*	**0.15**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Notes	***S$'000***	*S$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**23,596**	17,332
Right-of-use assets		**4,058**	1,427
Investment properties		**1,985**	380
Investments in joint ventures	*10*	**4,084**	4,669
Other financial assets		**87**	86
Deposits		**–**	715
Deferred income tax assets		**171**	117
		33,981	24,726
Current assets			
Inventories		**1,395**	908
Trade receivables	*11*	**4,855**	5,621
Contract assets	*14*	**58,477**	56,266
Deposits, prepayments and other receivables		**3,102**	5,502
Pledged bank deposits		**556**	207
Cash and cash equivalents		**15,069**	8,059
		83,454	76,563
Current liabilities			
Trade and retention payables	*13*	**13,126**	10,037
Accruals, other payables and provisions		**4,787**	3,566
Contract liabilities	*14*	**1,559**	–
Current income tax liabilities		**568**	664
Bank and other borrowings	*12*	**37,396**	32,861
Lease liabilities		**676**	657
		58,112	47,785
Net current assets		**25,342**	28,778
Total assets less current liabilities		**59,323**	53,504

		As at 31 December	
		2021	2020
	Notes	***S$'000***	*S$'000*
Non-current liabilities			
Deferred income tax liabilities		**175**	12
Bank and other borrowings	*12*	**2,063**	1,418
Lease liabilities		**3,469**	823
Provisions		**706**	539
		6,413	2,792
Net assets		**52,910**	50,712
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		**267**	202
Retained earnings		**21,963**	20,416
		50,619	49,007
Non-controlling interests		**2,291**	1,705
Total equity		**52,910**	50,712

NOTES TO THE CONSOLIDATED 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the life insurance policy classified as financial assets at fair value through profit or loss, which are carried at fair value. The consolidated financial statements are presented in Singapore dollars ("**S$**"). The directors of the Company considered Hong Kong dollars ("**HK$**") as the functional currency of the Company since the business transactions, in terms of operating, investing and financing activities of the Company itself are mainly denominated in HK$.

Adoption of new or amendments to IFRSs

In the current year, the Group has adopted for the first time the following new or amendments to IFRSs issued by IASB, which are relevant and mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**" of the IASB issued on June 2021 which clarified the costs and entity should include as "estimated costs necessary to make the sale" when determining the net realizable value of inventories.

The adoption of the above new or amendments to IFRSs 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 these consolidated financial statements.

New or amendments to IFRSs not yet effective

The following are new or amendments to IFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 8	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 cycle	1 January 2022

The Group has already commenced an assessment of the related impact to the Group of the above new or amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does 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/(loss) 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.

During the year ended 31 December 2021, there were 3 (2020: 3) customers which individually contributed to over 10% of the Group's total revenue. Revenue generated from these customers during the years ended 31 December 2021 and 2020 are summarised below:

	2021	2020
	S$'000	*S$'000*
Customer 1	**37,272**	25,927
Customer 2	**21,707**	12,399
Customer 3	**14,035**	7,057

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:

	2021	2020
	S$'000	*S$'000*
Revenue from contract works	**84,641**	52,386
Road milling and resurfacing services	**6,436**	3,640
Ancillary support and other services	**945**	618
Sale of goods and milled waste	**1,181**	473
	93,203	57,117
Revenue recognised:		
Over time	**92,022**	56,644
At point in time	**1,181**	473
	93,203	57,117

5 OTHER INCOME AND OTHER GAINS, NET

	2021	2020
	S$'000	*S$'000*
Other income:		
Rental income from investment properties	**31**	20
Rental income from a property *(Note (i))*	**155**	–
Gain on early termination on lease	**4**	3
Government grants *(Note (ii))*	**1,670**	4,797
COVID-19 related rent concessions *(Note (iii))*	**–**	117
Waiver of other borrowing granted	**98**	–
Others	**105**	52
	2,063	4,989
Other gains, net:		
Gain/(loss) on foreign exchange difference, net	**–***	–*
Gain on disposal of property, plant and equipment, net	**159**	92
Loss on write off of property, plant and equipment, net	**(1)**	(1)
Fair value gain/(loss) on investment properties	**160**	(20)
Changes in cash surrender value of key management insurance contracts	**1**	–*
	319	71
	2,382	5,060

* *Less than S$1,000*

Notes:

(i) A newly acquired property during the year comprises a portion that is held to earn rentals. 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 is classified as properties, plant and equipment.

(ii) For the year ended 31 December 2021, government grants mainly included Foreign Worker Levy Rebate and Job Support Scheme ("**JSS**") from the Singapore Government for supporting the development of construction industry. In particular, JSS provided wage support to employers to retain their local employees during COVID-19 pandemic. These incentives are granted in the form of cash payout and there were not unfulfilled conditions or contingencies relating to these grants (2020: same).

(iii) For the year ended 31 December 2020, there was a waiver of lease payments granted by the lessors due to the direct consequence of the COVID-19. Certain lessors of leased properties offered two months' rental waiver during the Circuit Breaker period. The Group applied the practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification and accounted for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 Leases if the changes are not a lease modification.

6 OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after charging the followings:

	2021	2020
	S$'000	*S$'000*
Raw material and consumables used *(Note (a))*	**11,993**	7,739
Subcontracting charges *(Note (a))*	**29,747**	15,925
Site expenses *(Note (a))*	**3,645**	2,121
Write down of inventories *(Note (a))*	**–**	4
Auditor's remuneration:		
— Audit services	**203**	190
— Non-audit services *(Note (b))*	**42**	46
Depreciation of property, plant and equipment	**5,524**	4,651
Depreciation of right-of-use assets	**810**	760
Employee benefit expenses, including directors' emoluments	**24,637**	20,680
Insurance expenses	**1,122**	1,187
Expenses relating to short term leases and low value assets	**4**	25
Listing expenses	**–**	958
Provision for onerous contract	**310**	–

Notes:

(a) Amounts are included in cost of sales.

(b) Non-audit services represented the agreed-upon-procedures services provided relating to interim financial report of the Company.

7 FINANCE INCOME AND FINANCE COSTS

	2021	2020
	S$'000	*S$'000*
Finance income		
Interests from:		
— Bank deposits	**15**	9
— Pledged bank deposits	**–***	1
	15	10
Finance costs		
Interests on:		
— Bank borrowings	**959**	805
— Lease liabilities	**135**	72
— Unwinding of discount of reinstatement costs	**21**	20
	1,115	897

* *Less than S$1,000*

8 INCOME TAX EXPENSE

	2021	2020
	S$'000	*S$'000*
Current tax		
— Current year — Singapore *(Note (d))*	**567**	–
— Over provision in prior year	**(15)**	(23)
Deferred tax		
— Current year	**109**	101
Income tax expense	**661**	78

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 year ended 31 December 2021 (2020: Nil).

(c) Hong Kong profits tax has not been provided for as the Company and its subsidiaries had no assessable profit in Hong Kong during the year ended 31 December 2021 (2020: Nil).

(d) The Group mainly operates in Singapore. Income tax had been provided at the applicable tax rate of 17% of Singapore on the estimated assessable profits during the year ended 31 December 2021 (2020: 17%).

9 EARNINGS/(LOSS) PER SHARE

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

	2021	2020
Earnings/(loss):		
Profit/(loss) for the year attributable to the equity holders of the Company (S$'000)	**1,547**	(3,824)
Number of shares:		
Weighted average number of ordinary shares (in thousand)	**1,064,000**	1,023,301

Diluted earnings/(loss) per share amount was the same as the basic earnings/(loss) per share as there were no potential ordinary shares outstanding during the year ended 31 December 2021 (2020: Same).

For the year ended 31 December 2021, 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 year (2020: has been retrospectively adjusted for the issue of shares during the Reorganisation and the capitalisation issue of shares as if the issuance of shares had occurred on 1 January 2020).

10 INVESTMENTS IN JOINT VENTURES

	2021	2020
	S$'000	*S$'000*
At 1 January	**4,669**	661
Addition capital investment	**–**	4,400
Share of loss for the year, net of related income tax	**(616)**	(392)
Share of other comprehensive income for the year, net of related income tax	**31**	–
At 31 December	**4,084**	4,669

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 a subsidiary of the Group. The country of incorporation is also its principal place of business.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest As at 31 December**	
		2021	2020
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, manufacture of asphalt products, and quarry products.

During the year ended 31 December 2020, the Group increased capital investment in SWG by approximately S$4,400,000 in respect to the additional shares issuance of SWG to all existing shareholders. The percentage of shareholding remains unchanged. SWG is still regarded as a joint venture under joint control, in which decision on relevant activities of SWG requires unanimous consent of the joint venturers.

(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

	2021	2020
	S$'000	*S$'000*
Trade receivables		
— Third parties	**5,166**	5,692
— Related parties	**–**	179
	5,166	5,871
Less: Allowance for impairment of trade receivables	**(311)**	(250)
Trade receivable — net	**4,855**	5,621

The Group's credit terms granted to third-party customers is 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:

	2021	2020
	S$'000	*S$'000*
Less than 30 days	**3,107**	3,939
31–60 days	**758**	1,162
61–90 days	**806**	67
91–120 days	**44**	130
121–365 days	**196**	186
More than 1 year	**255**	387
	5,166	5,871

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 2020	43	191	234
Impairment made	–	42	42
Impairment reversed	(5)	–	(5)
Impairment utilised	–	(21)	(21)
As at 31 December 2020 and 1 January 2021	38	212	250
Impairment made	–	268	268
Impairment reversed	(18)	(34)	(52)
Impairment utilised	–	(155)	(155)
As at 31 December 2021	20	291	311

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

12 BANK AND OTHER BORROWINGS

	2021	2020
	S$'000	*S$'000*
Bank overdrafts	**1,610**	–
Borrowings — secured	**37,849**	34,004
Borrowings from non-bank financial institution — secured	**–**	177
Borrowing from third party — unsecured	**–**	98
	39,459	34,279

As at 31 December 2021, the Group's bank borrowings with carrying amount of approximately S$20,493,000 (2020: S$26,081,000) were variable-rate borrowings which carried annual interest ranging from 1.42% to 3.10% (2020: 1.54% to 6.25%) per annum.

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

	2021 *S$'000*	2020 *S$'000*
Within 1 year or on demand	**37,396**	32,861
After 1 year but within 2 years	**1,055**	718
After 2 years but within 5 years	**1,008**	700
	39,459	34,279

As at 31 December 2021, the Group's bank borrowings were secured by the investment properties, self-occupied properties, pledged deposits and corporate guarantee by the Company (2020: investment property, self-occupied properties, pledged deposits and joint and several personal guarantees by the directors of the Company and its subsidiaries and corporate guarantee by the Company).

The weighted average interest rate was 2.29% (2020: 2.43%) as at 31 December 2020.

As at 31 December 2020, borrowing from third party represented loan from a non-controlling shareholder to a subsidiary and which was unsecured, interest free and repayable on demand. During the year ended 31 December 2021, the third party agreed to waive of repayment of the borrowing amounted to S$98,000 owing by the subsidiary and the amount is recognised as an income in the consolidated statement of comprehensive income.

13 TRADE AND RETENTION PAYABLES

The average credit period granted by creditors was 30 days.

	2021 *S$'000*	2020 *S$'000*
Trade payables		
— Third parties	**10,652**	7,949
— Related parties	**2,459**	2,088
	13,111	10,037
Retention payable		
— Related party	**15**	–
	13,126	10,037

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

	2021	2020
	S$'000	*S$'000*
Less than 30 days	**10,755**	6,209
31–60 days	**768**	1,838
61–90 days	**520**	587
91–120 days	**399**	500
121–365 days	**635**	854
More than one year	**34**	49
	13,111	10,037

As at 31 December 2021, retention payables of approximately S$15,000 (2020: Nil) were expected to be settled within twelve months after the end of the reporting period.

14. CONTRACT ASSETS/(LIABILITIES)

	2021	2020
	S$'000	*S$'000*
Retention sum for contract works	**875**	693
Unbilled revenue of contracts	**58,423**	55,697
	59,298	56,390
Less: Allowance for impairment	**(821)**	(124)
Contract assets	**58,477**	56,266
Contract liabilities	**(1,559)**	–
Retention held by customers expected to be settled:		
To be recovered within 12 months	**875**	693

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 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 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 1 January 2020	0.01	38,000,000	380
Increase on 18 February 2020 *(Note (i))*	0.01	1,962,000,000	19,620
At 31 December 2020, 1 January 2020 and 31 December 2021	0.01	2,000,000,000	20,000

	No. of shares	*HK$'000*	*S$'000*
Issued and fully paid:			
At 1 January 2020	100	–*	–*
Issue of shares pursuant to the Reorganisation *(Note (ii))*	100	–*	–*
Share issue pursuant to the Capitalisation *(Note (iii))*	797,999,800	7,980	1,436
Share issue pursuant to the Listing *(Note (iv))*	266,000,000	2,660	479
At 31 December 2020, 1 January 2021 and 31 December 2021	1,064,000,000	10,640	1,915

* Less than HK$1,000 and S$1,000

Notes:

(i) On 18 February 2020, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of an additional 1,962,000,000 shares.

(ii) On 12 February 2020, the Controlling Shareholders collectively transferred all of their respective shareholdings in WG (BVI) Limited, the then holding company of the other companies comprising the Group prior to the Reorganisation for the purpose of Listing, to the Company. In consideration for such transfer of shares, an aggregate of 100 shares of the Company was issued, allotted and credited as fully paid to WGI BVI.

(iii) On 12 March 2020, 797,999,800 shares of HK$0.01 each were allotted and issued at par to the shareholders in proportion to their shareholding of the Company as at 18 February 2020 by capitalisation of an amount of HK$7,979,998 (equivalent to approximately S$1,436,000) standing to the credit of the share premium account of the Company.

(iv) On 12 March 2020, the Company issued 266,000,000 shares at HK$0.48 each through an initial public offering of shares and raised gross cash proceeds of approximately HK$128 million (equivalent to approximately S$22,983,000) (before listing expenses). Nominal value of 266,000,000 shares issued with par value of HK$0.01 per share is capitalised as share capital of HK$2,660,000 (equivalent to S$479,000). Share premium account of the Company amounted HK$125,020,000 (equivalent to S$22,504,000) is credited as a result of the Share Offer in excess of par value. The Company's shares were listed on the Stock Exchange on 12 March 2020.

16 DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

No dividend has been paid or declared by the Company since its incorporation.

17 SUBSEQUENT EVENTS

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2021 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The civil engineering utilities market in Singapore remained challenging in 2022 with the increasing global spread of the Novel Coronavirus ("**COVID-19**") Omicron variant. According to the Ministry of Trade and Industry Singapore ("**MTI**") announced on 17 February 2022, the construction sector grew by 2.9% year-on-year, slower than the 69.9% growth in the third quarter 2021. The strong growth of the construction sector in the third quarter of 2021 was mainly due to low base effects given the slow resumption of construction activities after the Circuit Breaker period in 2020. For the whole of 2021, the construction sector grew by 20.1% in 2021, a sharp reversal from the 38.4% contraction in 2020 as both public and private sector construction output rose when most construction activities were suspended during the Circuit Breaker period. However, the output of the construction sector is expected to remain below pre-pandemic levels throughout 2022, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers.

BUSINESS REVIEW AND PROSPECTS

The core business and revenue structure of the Group have remained unchanged for the year ended 31 December 2021. 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 and other support services; and (iv) sales of goods and milled waste.

The Group expects operating conditions in the construction sector to remain challenging in 2022. Although the Group has recorded a revenue growth of approximately 63.2% from approximately S$57.1 million for the year ended 31 December 2020 to approximately S$93.2 million for the year ended 31 December 2021, and the prospects of construction demand are expected to improve marginally compared to last year. The construction sector is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with precautionary restrictive measures such as border entry approval for foreign employees, rostered routine swab testing, staggered rest days, safe accommodation and transportation arrangement. Border control measures implemented in Singapore and overseas also disrupted supply chain for materials and equipment while additional quarantine and movement restrictions on inflow of foreign workers from higher-risk countries gave rise to manpower shortages.

Despite the challenging environment, business strategies of the Group remained unchanged for 2022. The Group will (i) closely monitor the development of 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 31 December 2021, the Group had 34 (2020: 26) ongoing projects, including 28 ongoing power cable installation projects, four telecommunication cable installation projects and two ongoing cable installation projects with an aggregated contract sum of approximately S$335.2 million, of which approximately S$173.3 million has been recognised as revenue up to 31 December 2021. The remaining balance will be recognised as our revenue in accordance with the respective stage of completion.

FINANCIAL REVIEW

Below is the financial review for the year ended 31 December 2021 ("**FY2021**") compared to year ended 31 December 2020 ("**FY2020**").

Revenue

The following table sets out the breakdown of the Group's revenue by goods and services types for FY2021 and FY2020.

	FY2021	FY2020
	S$'000	*S$'000*
Revenue from contract works		
— Power	**80,122**	51,580
— Telecommunication	**4,519**	806
Subtotal	**84,641**	52,386
Road milling and resurfacing services	**6,436**	3,640
Ancillary support and other services	**945**	618
Sales of goods and milled waste	**1,181**	473
Total	**93,203**	57,117

Our revenue increased by approximately S$36.1 million from approximately S$57.1 million in FY2020 to approximately S$93.2 million in FY2021, representing an increase of approximately 63.2%. This increase was mainly attributable to:

(i) increase in revenue from contract works by approximately S$32.3 million with combined effects of (a) elevated set of safe distancing measures implemented by the Singapore Government from 7 April 2020 to 1 June 2020 where our Group experienced disruption in the corresponding year in 2020 with strict measures; (b) the increase in revenue from power cable installation projects by approximately S$28.5 million was mainly due to substantial progress of projects with revenue recognised for FY2021 compared to FY2020; and (c) the increase in revenue from telecommunication cable installation projects by approximately S$3.8 million was due to substantial progress of one of the project with revenue recognised for FY2021 compared to FY2020;

(ii) increase in revenue from road milling and resurfacing services by approximately S$2.8 million due to reason elaborated in (i)(a) above;

(iii) increase in revenue from ancillary support and other services by approximately S$0.3 million due to increased revenue from leasing of vehicles due to reason elaborated in (i)(a); and

(iv) increase in revenue from sales of goods and milled waste by approximately S$0.7 million.

Cost of sales

Our cost of sales increased by approximately S$27.3 million from approximately S$52.7 in FY2020 to approximately S$80.0 million in FY2021, representing an increase of approximately 51.8%, which was mainly attributable to the increase in revenue as discussed above. The less-than-proportionate increase in cost of sales as compared to the revenue growth was mainly because (a) the Group had to pay wages for direct labours during the Circuit Breaker period; and (b) additional costs were incurred for the adoption and implementation of additional safe and controlled restart measures for our employees before resumption of the Group's operating activities during FY2020.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S$8.8 million from approximately S$4.4 million in FY2020 to approximately S$13.2 million in FY2021, while the Group's gross profit margin increased from approximately 7.7% in FY2020 to approximately 14.1% in FY2021. The increase in gross profit and gross profit margin was mainly due to the increase in revenue of our Group attributable to the reasons elaborated above and the less-than-proportionate increase in cost of sales as discussed above.

Other income and other gains, net

Other income and other gains, net decreased by approximately S$2.7 million from approximately S$5.1 million in FY2020 to approximately S$2.4 million in FY2021 was mainly attributable to the decrease in grants received for COVID-19 on Foreign Worker Levy Rebates and Job Support Scheme from the Singapore Government.

Administrative expenses

Our administrative expenses decreased by approximately S$1.6 million from approximately S$11.7 million in FY2020 to approximately S$10.1 million in FY2021. Such decrease was mainly due to the decrease in the one-off listing expenses of approximately S$1.0 million incurred for FY2020.

Allowance for impairment of trade receivables and contract assets

An allowance for impairment of trade receivables and contract assets increased by approximately S$0.7 million from approximately S$0.2 million for FY2020 to approximately S$0.9 million for FY2021. Such increase was mainly attributable to (a) increase in allowance for expected credit loss of contract assets by approximately S$0.5 million for FY2021; and (b) increase in allowance for impairment of trade receivables by approximately S$0.2 million in relation to increase in trade receivable that were aged over 150 days for FY2021.

Finance income

The finance income was relatively stable at approximately S$15,000 and S$10,000 for FY2021 and FY2020, respectively, which mainly represented interest income from bank deposits and fixed deposits.

Finance costs

The finance costs mainly represented interest expense relating to our bank borrowings, lease liabilities and unwinding of discount of reinstatement costs. It increased by approximately S$0.2 million from approximately S$0.9 million in FY2020 to approximately S$1.1 million in FY2021, mainly caused by the increase in average bank borrowings and lease liabilities in FY2021.

Income tax expense

Income tax expense increased by approximately S$0.6 million in FY2021 as compared to FY2020 was mainly due to the increase in income tax expense of approximately S$0.6 million in FY2021, which is in line with the increase in assessable profit.

Profit for the year

As a result of the foregoing, our Group recorded a net profit of approximately S$2.1 million in FY2021 as compared to the net loss of approximately S$3.8 million in FY2020, representing an increase of approximately S$5.9 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2021 (FY2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 March 2020 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 31 December 2021, 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 31 December 2021, the Group maintained a healthy liquidity position with net current asset balance and cash and cash equivalents of approximately S$25.3 million (31 December 2020: S$28.8 million) and approximately S$15.1 million (31 December 2020: S$8.1 million) respectively. The Group's cash and cash equivalents 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 31 December 2021, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S$43.6 million (31 December 2020: S$35.8 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 the consolidated financial statements.

Gearing ratio

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

As at 31 December 2021, our gearing ratio was approximately 82.4% (31 December 2020: 70.5%). The increase in our gearing ratio as at 31 December 2021 was mainly due to the additions of bank and other borrowings and lease liabilities at approximately S$7.8 million in relation to an acquisition of the property located at 123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7 which was completed on 7 April 2021.

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 and cash equivalents and pledged bank deposits) divided by total capital (i.e. net debts and total equity) at the end of the respective period.

As at 31 December 2021, our net debt to total capital ratio was approximately 34.6% (31 December 2020: 35.2%). The decrease in our net debt to total capital ratio was mainly due to the increase in equity.

Pledge of assets

As at 31 December 2021, the Group's investment properties of approximately S$2.0 million (31 December 2020: S$0.4 million), self-occupied properties of approximately S$15.4 million (31 December 2020: S$8.8 million) and bank deposits of approximately S$0.6 million (31 December 2020: S$0.2 million) were pledged for bank borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

For FY2021, the Group incurred capital expenditures of approximately S$13.4 million (FY2020: S$3.3 million), primarily due to purchases of property, plant and equipment and motor vehicles.

As at 31 December 2021, our Group had capital expenditure contracted for as end of the reporting period but not recognised in the consolidated financial statements in respect of purchases of property, plant and equipment and motor vehicles of approximately S$0.3 million (31 December 2020: S$9.2 million).

CONTINGENCIES

As at 31 December 2021, our Group had performance bonds for guarantees of completion of projects issued by insurance companies and bank amounting to approximately S$12.9 million (31 December 2020: S$13.9 million).

As at 31 December 2021, our Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S$1.7 million (31 December 2020: S$1.9 million).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Company's prospectus dated 25 February 2020 (the "**Prospectus**"), the Group did not have any plans for material investments and capital assets as at the date of this results announcement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES COMPANIES OR JOINT VENTURES

For FY2021, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures except to the announcement of the Company dated 8 April 2021, the acquisition of the property located 123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7 which was completed on 7 April 2021.

Financial instruments

Our major financial instruments include trade receivables, deposits and other receivables excluding prepayments, cash and cash equivalents, pledged bank deposits, bank and other bank 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 31 December 2021 that are exposed to foreign currency risk. 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 31 December 2021, we had 587 full time employees (31 December 2020: 609) 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 in FY2021 amounted to approximately S$24.6 million (FY2020: S$20.7 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.

Retirement Benefit Costs

Payments made to Central Provident Fund ("**CPF**") are recognised as expense when employees have rendered service entitling them to the contributions.

During the year ended 31 December 2021, there were no contribution forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2021, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the year ended 31 December 2021 and up to the date of this announcement.

USE OF NET PROCEEDS FROM SHARE OFFER

The net proceeds from the share offer were approximately HK$71.0 million (equivalent to approximately S$12.8 million) after deducting underwriting commissions and all related expenses. An analysis of the utilisation of the net proceeds from the share offer from the date of listing to 31 December 2021 is set out below:

	Planned use of net proceeds from share offer	**Actual use of net proceeds from the date of listing to 31 December 2021**	**Net proceeds utilised during the year ended 31 December 2021**	**Unutilised balance as at 31 December 2021**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Strengthening our financial position	10,082	10,082	969	–
Recruitment of staff	2,712	2,712	2,062	–
Total	12,794	12,794	3,031	–

As at 31 December 2021, all of the net proceeds raised from share offer had been fully utilised in the manner consistently with the proposed allocations as set out in the Prospectus.

CORPORATE GOVERNANCE

For FY2021, the Company complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

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 the Directors' securities transactions (the "**Securities Dealing Code**"). Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code for FY2021. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to the Directors' dealings in securities.

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 year ended 31 December 2021, and there is no outstanding share option as at 31 December 2021.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested 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 year ended 31 December 2021, 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 for FY2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for FY2021 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 audited consolidated financial statements for FY2021 with no disagreement by the audit committee of the Company.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated of financial position, consolidated statement of comprehensive income for FY2021 and the related notes thereto as at 31 December 2021 and as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual report of the Company for FY2021 and the notice of the annual general meeting 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, 23 March 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Tian Soo and Mr. Ng Tian Fah; 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.