



LINCOTRADE & ASSOCIATES HOLDINGS LIMITED

Lincotrade & Associates Holdings Limited
(formerly known as Fabchem China Limited)

(Company Registration Number: 200413128G)

Condensed Interim Financial Statements for the 6-month period and full year ended 30 June 2023

This announcement has been reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr. Alvin Soh, Head, Corporate Finance, RHB Bank Berhad, Singapore branch, at 90 Cecil Street, #03-00 Singapore 069531, Telephone: +65 6320 0627

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Disposal of Operating Subsidiary

On 5 November 2021, Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) (the “**Company**”) announced the completion of the disposal of Shandong Yinguang Technology Co. Ltd and its subsidiaries (“**Yinguang Technology**” or “**Disposal Group**”) to Triple Vision Pte Ltd, a Controlling Shareholder of the Company (“**Disposal**”). Following the Disposal, the Company completed the Capital Reduction on 29 November 2021 and Cash Distribution on 21 December 2021 respectively (both as defined in the Company’s Circular dated 22 September 2021 (“**Disposal Circular**”). Please refer to the Disposal Circular and the Company’s announcements on 5 November 2021, 29 November 2021 and 21 December 2021 for further information on the Disposal and Capital Reduction and Cash Distribution.

Completion of Reverse Acquisition of Lincotrade & Associates Pte Ltd

The reverse acquisition of Lincotrade & Associates Pte Ltd (“**Lincotrade PL**”) was completed (“**Completion**”) on 3 August 2022 (“**RTO**”) and as at 30 June 2022, the Company does not have any subsidiary. Upon the Completion, the then-existing shareholders of the Lincotrade PL (“**Vendors**”), on a collective basis, became the major shareholders of the Company and the name of the Company was changed to Lincotrade & Associates Holdings Limited.

Reverse Acquisition and Presentation of Historical Financial Information

At Group level

The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 3 Business Combinations, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company and did not meet the definition of a business as set out in SFRS(I) 3. The transaction falls within the scope of SFRS(I) 2 Share-based Payment, which requires the shares deemed issued by the accounting acquirer to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company’s identifiable net assets represents a service received by the accounting acquirer, which is recognised as an expense or income in the statement of comprehensive income. For the purpose of reverse acquisition accounting, Lincotrade PL was deemed as the accounting acquirer (legal acquiree) and the Company was deemed to be the accounting acquiree (legal acquirer).

With the exception of share capital, the consolidated financial statements for the Group will be a continuation of the consolidated financial statements of Lincotrade PL and the results of the Company will be consolidated to the Group from the Completion onwards.

The fair value of the shares deemed to be issued by the accounting acquirer is based on the number of equity interests that the accounting acquirer would have had to issue to give the owners of the accounting acquiree the same percentage equity interest in the combined entity that results from the reverse acquisition.

Accordingly, the financial statements and its comparative figures presented in this report are as follows:

- a. Consolidated statement of profit or loss and other comprehensive income of the Group
 - (i) The consolidated statement of profit or loss and other comprehensive income for the 6-month period ended 30 June 2023 (“**6M2023**”) and the full year ended 30 June 2023 (“**FY2023**”) are the consolidated results of the Company and Lincotrade PL (collectively, the “**Group**”). The results of the Company are consolidated to the Group after the date of Completion.
 - (ii) The comparative figures for the 6-month period ended 30 June 2022 (“**6M2022**”) and the financial year ended 30 June 2022 (“**FY2022**”) are the results of Lincotrade PL only.
- b. Consolidated statement of financial position of the Group
 - (i) The consolidated statement of financial position of the Group as at 30 June 2023 was prepared using reverse acquisition accounting to account for the RTO.
 - (ii) The comparative figures as at 30 June 2022 are the statement of financial position of Lincotrade PL before the completion of the RTO.

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Reverse Acquisition and Presentation of Historical Financial Information (cont'd)

- c. Statement of financial position of the Company
- (i) The statement of financial position of the Company as at 30 June 2023 is the statement of financial position of the Company after the completion of the RTO.
- (ii) The comparative figures as at 30 June 2022 is the statement of financial position of the Company before the completion of the RTO.
- d. Consolidated statement of changes in equity of the Group
- (i) The consolidated statement of changes in equity of the Group for 6M2023 and FY2023 are the consolidated changes in equity of the Group which include the changes arising from the RTO.
- (ii) The comparative figures for 6M2022 and FY2022 are the statement of changes in equity of Lincotrade PL only.
- e. Consolidated statement of cash flows of the Group
- (i) The condensed interim consolidated statement of cash flows for FY2023 are the consolidated cash flows of the Group after the completion of the RTO.
- (ii) The comparative figures for FY2022 are the cash flows of Lincotrade PL only.

At Company level

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. Therefore, in the Company's separate financial statements, the investments in the subsidiary is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

Identifiable assets acquired and liabilities assumed

	As at date of reverse acquisition S\$'000
<u>Company</u>	
Other non-financial assets	44
Cash and cash equivalents	289
Other financial liabilities	(500)
Trade and other payables	(236)
Total identifiable net liabilities at fair value	(403)
Fair value of shares deemed issued (Note A)	(9,173)
Deemed RTO expenses	(9,576)
Consideration settled in cash	-
Add: Cash and cash equivalents in company acquired	289
Net cash inflow from RTO	289
Note A: Fair value of shares deemed issued	
Number of shares deemed issued ('000)	46,800
Share price at date of reverse acquisition (S\$)	0.196
Fair value of shares deemed issued (S\$'000)	9,173

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group					
	Note	Unaudited 6 months from 1 Jan 2023 to 30 Jun 2023 S\$'000	Unaudited 6 months from 1 Jan 2022 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %
Revenue	4	29,011	20,619	40.7%	69,875	39,254	78.0%
Cost of sales		(26,070)	(18,241)	42.9%	(62,623)	(34,575)	81.1%
Gross profit		2,941	2,378	23.7%	7,252	4,679	55.0%
Interest income		59	4	1375.0%	71	6	1083.3%
Other income and gains	6	333	149	123.5%	362	249	45.4%
Administrative expenses		(1,565)	(1,022)	53.1%	(3,113)	(1,895)	64.3%
Finance costs	7	(45)	(63)	(28.6%)	(98)	(134)	(26.9%)
Other expenses		(660)	(648)	1.9%	(1,464)	(1,237)	18.4%
Other losses ⁽¹⁾	6	-	(150)	(100.0%)	(10,981)	(621)	1668.3%
Profit / (loss) before tax		1,063	648	64.0%	(7,971)	1,047	(861.3%)
Income tax expense	9	(325)	(278)	16.9%	(773)	(426)	81.5%
Profit / (loss) for the year and total comprehensive income / (loss)		738	370	99.5%	(8,744)	621	(1508.1%)
Earnings / (loss) per share	10	Singapore Cents	Singapore Cents		Singapore Cents	Singapore Cents	
Basic		0.43	0.33	30.3%	(5.24)	0.55	(1052.7%)
Diluted		0.43	0.33	30.3%	(5.24)	0.55	(1052.7%)

⁽¹⁾ Included in other losses are one-off non-cash RTO expenses and share-based payment the Sponsor and Arranger of approximately S\$10.8 million. Refer to Note 6 for more details.

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		Unaudited 30 June 2023 S\$'000	Audited 30 June 2022 S\$'000	Unaudited 30 June 2023 S\$'000	Audited 30 June 2022 S\$'000
ASSETS					
Non-current assets :					
Investment in subsidiary	13	-	-	25,000	-
Property, plant and equipment	14	1,353	1,473	3	-
Right-of-use asset	15	100	162	-	-
Trade and other receivables, non-current	16	2,990	2,804	-	-
Total non-current assets		4,443	4,439	25,003	-
Current assets :					
Contract assets		5,327	12,211	-	-
Other non-financial assets		1,389	670	17	44
Trade and other receivables, current	16	11,214	4,196	4	-
Cash and cash equivalents		12,706	6,214	1,204	289
Total current assets		30,636	23,291	1,225	333
Total assets		35,079	27,730	26,228	333
EQUITY AND LIABILITIES					
Capital and reserves :					
Share capital	19	13,050	1,500	33,614	6,237
(Accumulated losses) / retained earnings		(4,283)	4,461	(8,443)	(6,640)
Total equity / (net capital deficit)		8,767	5,961	25,171	(403)
Non-current liabilities :					
Lease liabilities, non-current		159	177	-	-
Other financial liabilities, non-current	18	1,572	3,097	-	500
Total non-current liabilities		1,731	3,274	-	500
Current liabilities :					
Income tax provision		725	288	23	-
Trade and other payables	17	11,716	9,746	234	236
Contract liabilities		469	790	-	-
Lease liabilities, current		112	89	-	-
Other financial liabilities, current	18	11,559	7,582	800	-
Total current liabilities		24,581	18,495	1,057	236
Total liabilities		26,312	21,769	1,057	736
Total liabilities and equity		35,079	27,730	26,228	333

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C. Condensed Interim Statements of Changes in Equity

	Total equity	Share capital	(Accumulated losses) / Retained earnings
Group (\$S'000)			
Current period			
Balance at 1 July 2022	5,961	1,500	4,461
Consideration shares issued in relation to reverse acquisition	9,173	9,173	-
Share-based payment – Sponsor shares	89	89	-
Share-based payment – Arranger shares	1,114	1,114	-
Issuance of ordinary shares	1,200	1,200	-
Share issue expenses	(26)	(26)	-
	1,174	1,174	-
Total comprehensive loss for the year	(8,744)	-	(8,744)
Balance at 30 June 2023	8,767	13,050	(4,283)
Previous period			
Balance at 1 July 2021	6,440	1,500	4,940
Dividend declared	(1,100)	-	(1,100)
Total comprehensive income for the year	621	-	621
Balance at 30 June 2022	5,961	1,500	4,461
	Total equity / (Net capital deficit)	Share capital	Accumulated losses
Company (\$S'000)			
Current period			
Balance at 1 July 2022	(403)	6,237	(6,640)
Issuance of new shares pursuant to the RTO:			
- Acquisition of entire share capital of Lincotrade PL	25,000	25,000	-
- Share-based payment – Sponsor shares	89	89	-
- Share-based payment – Arranger shares	1,114	1,114	-
- Issuance of ordinary shares	1,200	1,200	-
- Share issue expenses	(26)	(26)	-
	1,174	1,174	-
Total comprehensive loss for the year	(1,803)	-	(1,803)
Balance at 30 June 2023	25,171	33,614	(8,443)
Previous period			
Balance at 1 July 2021	17,547	23,459	(5,912)
Capital reduction ⁽¹⁾	(17,222)	(17,222)	-
Total comprehensive income for the year	(728)	-	(728)
Balance at 30 June 2022	(403)	6,237	(6,640)

⁽¹⁾ Refer to Note 19A to the condensed interim financial statements.

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D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Unaudited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000
Cash flows from operating activities		
(Loss) / profit before tax	(7,971)	1,047
Adjustments for :		
Depreciation of property, plant and equipment	591	566
Depreciation of right-of-use asset	62	62
Deemed RTO expenses	9,576	-
Gain on disposal of plant & equipment	(7)	-
Share-based payment – Sponsor shares	89	-
Share-based payment – Arranger shares	1,114	-
Interest expenses	98	134
Interest income	(71)	(6)
Operating cash flows before changes in working capital	3,481	774
Contract assets	6,884	(1,677)
Trade and other receivables	(7,204)	522
Other non-financial assets	(675)	(165)
Contract liabilities	(321)	526
Trade and other payables	2,834	465
Net cash flows from operations	4,999	1,474
Income taxes paid	(336)	(460)
Net cash flows from operating activities	4,663	1,014
Cash flows from investing activities		
Purchase of plant and equipment	(385)	(146)
Proceeds from disposal of plant & equipment	20	-
Interest received	71	6
Net cash flows used in investing activities	(294)	(140)
Cash flows from financing activities		
Net proceeds from issuance of new shares	1,174	-
Net cash inflows from RTO	289	-
Loan from a shareholder	300	-
Repayments of term loans	(1,496)	(1,406)
Increase in bills payable, net	3,148	3,096
Cash restricted in use	(2,692)	(317)
Lease liabilities – principal portion paid	(94)	(89)
Payment of dividend to former shareholders	(1,100)	-
Interest paid	(98)	(134)
Net cash flows (used in) / from financing activities	(569)	1,150
Net increase in cash and cash equivalents	3,800	2,024
Cash and cash equivalents, statement of cash flows, beginning balance	5,316	3,292
Cash and cash equivalents, ending balance	9,116	5,316
Cash and cash equivalents		
Balance per statement of financial position	12,706	6,214
Fixed deposits pledged for bank facilities	(3,590)	(898)
Balance per statement of cash flows	9,116	5,316

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. General

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) (the “**Company**”) is incorporated and domiciled in Singapore with limited liability. The Company is incorporated in Singapore and its registered office is at 39 Sungei Kadut Loop Singapore 729494. The Company is an investment holding company and its principal activity is that of investment holding. The principal activities of the Group are disclosed in Note 4 on segment information. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The condensed interim financial statements are presented in Singapore dollars (“**S\$**”) and comprise the Company and its subsidiary (together referred to as the “**Group**”). All information in these condensed interim consolidated financial statements are rounded to the nearest thousands (S\$’000) except when otherwise indicated.

The board of directors approved and authorised these condensed financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

The Company was placed on the Watch-List of the SGX-ST due to the Financial Entry Criteria with effect from 5 December 2018. On 24 November 2021 and 3 March 2022, SGX-ST informed the Company that it had no objections to granting the Company an extension of time from the original deadline of 4 December 2021 to 4 August 2022 to satisfy the criteria needed to exit the Watch-List. The Company completed the RTO of Lincotrade PL on 3 August 2022 and exited from the Watch-List and transferred the listing of the Company from the Mainboard of the SGX-ST to the Catalist Board of the SGX-ST on 8 August 2022.

The condensed interim consolidated financial statements for the 6-month period from 1 January 2023 to 30 June 2023 (“**6M2023**”) and the financial year ended 30 June 2023 (“**FY2023**”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the financial year ended 30 June 2022.

2. Significant accounting policies and other explanatory information

The accounting policies adopted are consistent with those adopted by the Group in its most recently audited financial statements for the financial year ended 30 June 2022, which were prepared in accordance with SFRS(I)s, except for the accounting policies as summarised below and the adoption of new and amended standards as set out in Note 2.1 to the condensed interim consolidated financial statements below.

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

2. Significant accounting policies and other explanatory information (Cont'd)

Revenue recognition (Cont'd)

Long term construction contracts:

For long-term contracts for constructing and developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation. When the current estimates of the total amount of consideration expected to be received in exchange for transferring promised goods or services to the customer, and contract cost indicate a loss, a provision for the entire loss on the contract is made as soon as the loss becomes evident. An adjustment is also made to reflect the effects of the customer's credit risk. The loss on a contract is reported as an additional contract cost (an operating expense), and not as a reduction of revenue or a non-operating expense.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were as discussed below:

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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

2. Significant accounting policies and other explanatory information (Cont'd)

Revenue recognised over time

For revenue recognition arising from contracts with customers and the consequential financial performance of the Group, there are significant judgements exercised and assumptions made by management relating to the measurement and timing of revenue recognition and the recognition of related balances in the statement of financial position, such as contract assets and contract liabilities, that result from the performance of the contracts. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones and performance levels. Assumptions are made for certain contracts relating to contract extensions and amendments.

Estimation of contract costs for construction contracts

The Group has significant ongoing construction contracts. For these contracts, revenue is recognised over time by reference to the Group's progress towards the completion of the construction contracts. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the contract costs to complete, which are used in the input method to determine the revenue. When it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the transaction prices ("contract sum"), a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise to determine the progress of the construction and also on past experience of completed projects.

Allowance for trade and other receivables and contract assets

The Group has few customers and which can be graded as low risk individually. These trade receivables and contract assets are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year reported on.

4. Segment and revenue information

Business segments

The Group is organised into the following major strategic operating segments that offer different products and services: (1) Commercial, (2) Residential, and (3) Showflats.

The segments and the types of products and services are as follows:

- (1) Commercial – Provision of construction services to commercial premises such as offices, hotels, shopping malls and food and beverage establishments;
- (2) Residential – Provision of construction services to residential premises such as condominium developments; and
- (3) Showflats – Building of showflats and sales galleries.

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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

A. Profit or loss from continuing operations and reconciliations

	<u>Commercial</u>		<u>Residential</u>		<u>Showflats</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>6M2023</u>	<u>6M2022</u>	<u>6M2023</u>	<u>6M2022</u>	<u>6M2023</u>	<u>6M2022</u>	<u>6M2023</u>	<u>6M2022</u>	<u>6M2023</u>	<u>6M2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Revenue by segment										
External revenue	21,065	15,743	1,908	2,124	6,038	2,752	–	–	29,011	20,619
Segment results :-										
Gross profit	2,894	2,258	7	(115)	40	235	–	–	2,941	2,378
Interest income							59	4	59	4
Finance costs							(45)	(63)	(45)	(63)
Depreciation of property, plant and equipment							(308)	(291)	(308)	(291)
Depreciation of right-of-use assets							(31)	(31)	(31)	(31)
Employee benefits expenses							(1,292)	(945)	(1,292)	(945)
Unallocated corporate expenses							(623)	(503)	(623)	(503)
Other (losses) / income and gains							362	99	362	99
Profit before tax									1,063	648
Income tax expense									(325)	(278)
Profit after tax									738	370
	<u>Commercial</u>		<u>Residential</u>		<u>Showflats</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>FY2023</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Revenue by segment										
External revenue	48,442	30,515	3,403	4,796	18,030	3,943	–	–	69,875	39,254
Segment results :-										
Gross profit	6,987	4,008	13	152	252	519	–	–	7,252	4,679
Interest income							71	6	71	6
Finance costs							(98)	(134)	(98)	(134)
Depreciation of property, plant and equipment							(591)	(566)	(591)	(566)
Depreciation of right-of-use assets							(62)	(62)	(62)	(62)
Employee benefits expenses							(2,577)	(1,760)	(2,577)	(1,760)
Unallocated corporate expenses							(1,347)	(744)	(1,347)	(744)
Other (losses) / income and gains							(10,619)	(372)	(10,619)	(372)
(Loss) / profit before tax									(7,971)	1,047
Income tax expense									(773)	(426)
(Loss) / profit after tax									(8,744)	621

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
Condensed Interim Financial Statements for the 6-month period and full year ended 30 June 2023

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

B. Assets, liabilities and reconciliations

	<u>Commercial</u>		<u>Residential</u>		<u>Showflats</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>30 Jun</u> <u>2023</u> S\$'000	<u>30 Jun</u> <u>2022</u> S\$'000	<u>30 Jun</u> <u>2023</u> S\$'000	<u>30 Jun</u> <u>2022</u> S\$'000	<u>30 Jun</u> <u>2023</u> S\$'000	<u>30 Jun</u> <u>2022</u> S\$'000	<u>30 Jun</u> <u>2023</u> S\$'000	<u>30 Jun</u> <u>2022</u> S\$'000	<u>30 Jun</u> <u>2023</u> S\$'000	<u>30 Jun</u> <u>2022</u> S\$'000
<u>Reportable segment assets</u>										
Trade and other receivables	9,829	5,609	776	800	3,570	585	29	6	14,204	7,000
Contract assets	2,441	6,499	1,810	3,140	1,076	2,572	–	–	5,327	12,211
Cash and cash equivalents							12,706	6,214	12,706	6,214
Other non-financial assets							522	670	522	670
Property, plant and equipment							1,353	1,473	1,353	1,473
Right-of-use assets							100	162	100	162
Total assets									<u>34,212</u>	<u>27,730</u>
<u>Reportable segment liabilities</u>										
Trade and other payables	–	–	–	–	–	–	10,849	9,746	10,849	9,746
Contract liabilities	469	790	–	–	–	–	–	–	469	790
Income tax provision							725	288	725	288
Lease liabilities							271	266	271	266
Other financial liabilities							13,131	10,679	13,131	10,679
Total liabilities									<u>25,445</u>	<u>21,769</u>
							<u>Unallocated</u>		<u>Total</u>	
							<u>FY2023</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2022</u>
							S\$'000	S\$'000	S\$'000	S\$'000
Capital expenditure							(484)	(146)	<u>(484)</u>	<u>(146)</u>

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

C. Geographical information

The Group's operations are primarily carried out in Singapore, no segmented revenue and results for geographical segment is presented.

D. Disaggregation of revenue from contract with customers

The Group's revenue from construction contracts is recognised over time.

E. Breakdown of revenue

	Company		Increase / (Decrease) %
	Unaudited 12 months ended 30 Jun 2023 S\$'000	Audited 12 months ended 30 Jun 2022 S\$'000	
Revenue reported for the first 6 months from 1 July to 31 December	40,864	18,635	119.3%
Operating (loss)/profit after tax reported for the first 6 months from 1 July to 31 December	(9,482)	251	(3877.7%)
Revenue reported for the second 6 months from 1 January to 30 June	29,011	20,619	40.7%
Operating (loss)/profit after tax reported for the second 6 months from 1 January to 30 June	738	370	99.5%

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2023 and 30 June 2022:

	Group		Company	
	Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000
Financial assets				
- Cash and cash equivalents	12,706	6,214	1,204	289
- Trade and other receivables	14,204	7,000	4	-
Financial assets at amortised cost	26,910	13,214	1,208	289
Financial liabilities				
- Trade and other payables	11,716	9,746	234	236
- Other financial liabilities	13,131	10,679	800	500
- Lease liabilities	271	266	-	-
Financial liabilities at amortised cost	25,118	20,691	1,034	736

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

6. Other income and gains and (other losses)

	Group					
	Unaudited 6 months from 1 Jan 2023 to 30 Jun 2023 S\$'000	Unaudited 6 months from 1 Jan 2022 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %
Other income and gains						
Gain on disposal of plant & equipment	7	-	N.M.	7	-	N.M.
Government grants	320	110	190.9%	348	208	67.3%
Rental income	-	-	-	-	2	(100.0%)
Others	6	39	(84.6%)	7	39	(82.1%)
	<u>333</u>	<u>149</u>	<u>123.5%</u>	<u>362</u>	<u>249</u>	<u>45.4%</u>
Other losses						
Reverse takeover (“RTO”) expenses	-	(150)	(100.0%)	(196)	(621)	(68.4%)
Deemed RTO expenses ⁽¹⁾	-	-	-	(9,576)	-	N.M.
Share-based payment – Sponsor (Note 19B) ⁽¹⁾	-	-	-	(89)	-	N.M.
Share-based payment – Arranger (Note 19B) ⁽¹⁾	-	-	-	(1,114)	-	N.M.
Foreign exchange adjustment losses	-	-	-	(6)	-	N.M.
	<u>-</u>	<u>(150)</u>	<u>(100.0%)</u>	<u>(10,981)</u>	<u>(621)</u>	<u>1668.3%</u>

⁽¹⁾ One-off non-cash RTO expenses

7. Finance costs

	Group					
	Unaudited 6 months from 1 Jan 2023 to 30 Jun 2023 S\$'000	Unaudited 6 months from 1 Jan 2022 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000	Increase/ (Decrease) %
Finance costs						
Interest on lease liabilities	5	6	(16.7%)	11	14	(21.4%)
Interest on term loans	40	57	(29.8%)	87	120	(27.5%)
Total finance costs	<u>45</u>	<u>63</u>	<u>(28.6%)</u>	<u>98</u>	<u>134</u>	<u>(26.9%)</u>

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

8. Related party transactions

Group		Company	
Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000

Advisory fees paid to a shareholder	-	-	-	(19)
Consideration for the Disposal (Note 8A)	-	-	-	18,000
Dividend income (Note 8B)	-	-	-	936

Note 8A

Pursuant to the Disposal, the consideration was paid by Triple Vision Pte Ltd (“Triple Vision”), the Company’s ultimate controlling shareholder prior to the Disposal. Subsequent to the completion of Disposal, it became a controlling shareholder of the Company. In January 2023, Triple Vision transferred its shares in the Company to Triple Vision’s beneficiary owner, Mr. Wee Henry, and accordingly Triple Vision ceased to be a shareholder of the Company.

Note 8B

Dividend income relates to dividend income declared by the Company’s former subsidiary, Yinguang Technology prior to the Disposal.

9. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim statement of profit or loss are:

Group						
Unaudited 6 months from 1 Jan 2023 to 30 Jun 2023 S\$'000	Unaudited 6 months from 1 Jan 2022 to 30 Jun 2022 S\$'000		Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023 S\$'000	Audited 12 months from 1 Jul 2021 to 30 Jun 2022 S\$'000		
		Increase/ (Decrease) %			Increase/ (Decrease) %	
Current tax expense	277	151	83.4%	725	299	142.5%
Under adjustment in respect of prior period	48	127	(62.2%)	48	127	(62.2%)
Total income tax expenses recognised to profit or loss	<u>325</u>	<u>278</u>	16.9%	<u>773</u>	<u>426</u>	81.5%

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

10. Earnings / (Loss) per share

	Group			
	Unaudited 6 months from 1 Jan 2023 to 30 Jun 2023	Unaudited 6 months from 1 Jan 2022 to 30 Jun 2022	Unaudited 12 months from 1 Jul 2022 to 30 Jun 2023	Audited 12 months from 1 Jul 2021 to 30 Jun 2022
	Singapore Cents	Singapore Cents	Singapore Cents	Singapore Cents
Earnings / (loss) per ordinary share for the year based on net income / (loss) attributable to shareholders : Based on weighted average number of ordinary shares in issue	0.43	0.33	(5.24)	0.55
Weighted average number of ordinary shares in issue for basic earning / (loss) per share	172,027,726	113,636,363 (#)	166,748,507	113,636,363 (#)

There is no dilution of shares as there are no shares under option.

The earnings per share for the 6-month financial period ended 30 June 2022 and financial year ended 30 June 2022 is computed based on 113,636,363 shares representing the number of shares issued to acquire the entire share capital of Lincotrade PL pursuant to the RTO.

11. Net asset value

	Group		Company	
	Unaudited 30 Jun 2023	Audited 30 Jun 2022	Unaudited 30 Jun 2023	Audited 30 Jun 2022
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net assets / (liabilities) value per ordinary share based on the issued shares at the end of the financial year	5.10	5.25	14.63	(0.86)
Number of issued shares used in calculating net asset value	172,027,726	113,636,363 (#)	172,027,726	46,800,000

The net asset value per share as at 30 June 2022 is computed based on 113,636,363 shares representing the number of shares issued to acquire the entire share capital of Lincotrade PL pursuant to the RTO.

12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend

	12 months ended 30 June 2023 ("FY2023")	12 months ended 30 June 2022 ("FY2022")
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13. Investment in subsidiary

Company	
Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000

Carrying value comprising

Unquoted equity shares at cost, as at beginning of year	-	-
Additions arising from reverse acquisition ⁽¹⁾	25,000	-
Unquoted equity shares at cost, as at end of period	25,000	-

(1) On 3 August 2022, the Company completed the RTO of Lincotrade PL for a consideration of S\$25.0 million at the issue price of S\$0.22 per share for 113,636,363 ordinary shares.

14. Property, plant and equipment

During the financial year ended 30 June 2023, the Group acquired plant and equipment amounting to S\$484,000 (FY2022: S\$146,000) including acquisition of certain plant and equipment amounting to approximately S\$99,000 (FY2022: Nil) under leases contracts.

15. Right-of-use assets

Right-of-use assets refer to the land lease from the Jurong Town Corporation (“JTC”) in respect of the leasehold land leased from JTC and is depreciated over the lease period from 31 August 2015 to 28 February 2025. The decrease in right-of-use assets was due to the depreciation of the right-of-use assets.

16. Trade and other receivables

Group		Company	
Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000

Current:

Trade receivables:

Outside parties	5,974	3,655	-	-
Retention receivables	5,211	536	-	-
Subtotal	11,185	4,191	-	-

Other receivables:

Outside parties	23	-	-	-
Loan to staffs	2	5	-	-
Interest receivables	4	-	4	-
Subtotal	29	5	4	-

Total trade and other receivables,
current

11,214	4,196	4	-
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Non-current:

Trade receivables:

Retention receivables	2,290	2,804	-	-
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**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

17. Trade and other payables

	Group		Company	
	Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 30 Jun 2023 S\$'000	Audited 30 Jun 2022 S\$'000
<u>Trade payables:</u>				
Outside parties	9,604	8,135	206	208
Retention payables	2,071	509	-	-
Subtotal	11,675	8,644	206	208
<u>Other payables:</u>				
Dividend payable ⁽¹⁾	-	1,100	-	-
Outside parties	41	2	28	28
Subtotal	41	1,102	28	28
Total trade and other payables, current	11,716	9,746	234	236

- (1) On 10 March 2022, the shareholders of Lincotrade PL approved a final dividend of S\$0.73 per ordinary share of Lincotrade PL at Lincotrade PL's annual general meeting in respect of the financial year ended 30 June 2021. Notwithstanding that payment of such dividends are made after the Completion, the Company will not be entitled to such dividends. The dividend was fully paid during FY2023. For more information, please refer to the Company's Circular dated 30 June 2022.

18. Other financial liabilities

	Group		Company	
	Unaudited 30 Jun 2023 S\$'000	Audited 30 June 2022 S\$'000	Unaudited 30 Jun 2023 S\$'000	Audited 30 June 2022 S\$'000
<u>Secured</u>				
Term loans (Note 18A)	3,097	4,594	-	-
Bills payable (Note 18B)	9,234	6,085	-	-
	12,331	10,679	-	-
<u>Unsecured</u>				
Loan from a shareholder (Note 18C)	800	-	800	500
	800	-	800	500
Total	13,131	10,679	800	500
<u>Presented in statements of financial position</u>				
- Non-current	1,572	3,097	-	500
- Current	11,559	7,582	800	-
	13,131	10,679	800	-

Note 18A

As at 30 June 2023, term loans were secured by corporate guarantee by the Company and charge over all term deposits of its subsidiary.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

18. Other financial liabilities (Cont'd)

Note 18B

As at 30 June 2023, bills payable was secured by corporate guarantee by the Company, charge over all term deposits of its subsidiary and a legal mortgage over the leasehold property of the Group.

Note 18C

On 26 April 2022, the Company entered into a loan agreement with Triple Vision Pte. Ltd. (“**Triple Vision**”) for up to an aggregate amount of S\$1.0 million (“**Loan**”) at any time. Any disbursement will be used for the payment of professional fees and expenses incurred for the RTO of Lincotrade PL. The loan is unsecured, interest-free and is repayable beginning from the Maturity Date, i.e. 12 months from the date of Completion, or any other date as may be agreed upon in writing by Triple Vision and the Company, in 8 equal monthly instalments spread over 8 consecutive calendar months, with the first monthly instalment payable on the Maturity Date. Please refer to the Company’s announcement on 26 April 2022 for more information.

On 30 June 2023, Triple Vision signed a Deed of Assignment (“**Deed**”) and assigned the Loan to Mr. Wee Henry, the sole beneficial owner of Triple Vision (See Note 8A). The terms of the Loan and the repayment schedule remain the same.

As at 30 June 2023, the Company had drawn down S\$800,000 from the Loan (30 June 2022: S\$500,000) and the first repayment of S\$100,000 per month has commenced in August 2023.

Bank borrowings

Amount repayable in one year or less, or on demand

(S\$'000)

Group			
30 June 2023		30 June 2022	
Secured	Unsecured	Secured	Unsecured
10,759	-	7,582	-

Amount repayable after one year

(S\$'000)

Group			
30 June 2023		30 June 2022	
Secured	Unsecured	Secured	Unsecured
1,572	-	3,097	-

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

19. Share capital

	Company	
	Number of shares issued	Share capital S\$'000
Ordinary shares of no par value:		
At 1 July 2021	46,800,000	23,459
Capital reduction (Note 19A)	-	(17,222)
At 30 June 2022	46,800,000	6,237
Issuance of new shares pursuant to the RTO (Note 19B):		
- Acquisition of entire share capital of Lincotrade PL	113,636,363	25,000
- Share-based payment – Sponsor shares	454,545	89
- Share-based payment – Arranger shares	5,681,818	1,114
- Issuance of ordinary shares	5,455,000	1,200
- Share issue expenses	-	(26)
	5,455,000	1,174
At 30 June 2023	172,027,726	33,614

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Note 19A

On 29 November 2021, the Company announced that it had complied with the publicity requirements under section 78C(1)(c), and the solvency requirements under sections 78C(1)(b) and 78C(3) of the Act, and that no application has been made under section 78D(2) of the Act for the cancellation of the special resolution (“**Special Resolution**”) of the Shareholders approving the Capital Reduction at the 2021 EGM that was held on 14 October 2021, during the 6 weeks beginning with the date of the Special Resolution. The Company had accordingly lodged with the Accounting and Corporate Regulatory Authority of Singapore, the statements from the Directors pursuant to section 78E(2) of the Act confirming the above, together with a notice containing the reduction information, on 29 November 2021. Following lodgement, the Capital Reduction had taken effect on 29 November 2021.

Note 19B

On 3 August 2022, the Company completed the RTO of Lincotrade PL. Pursuant to the Completion, the Company had:

- allotted and issued 113,636,363 ordinary shares to the shareholders of Lincotrade PL at an issue price of S\$0.22 per share, in full satisfaction of the total consideration of S\$25.0 million;
- allotted and issued 454,545 ordinary shares to the Company’s financial adviser, RHB Bank Berhad as part of the financial adviser’s fees for its services in relation to the RTO. Based on the share price of S\$0.196 as at 3 August 2022, the value of these shares issued amounted to approximately S\$89,000 and this was charged to the statement of profit or loss during the financial year ended 30 June 2023;
- allotted and issued 5,681,818 ordinary shares of the Company to the arranger, Prestige Frame Limited (“**Arranger**”). Based on the share price of S\$0.196 as at 3 August 2022, the value of these shares amounted to approximately S\$1.11 million and this was charged to the statement of profit or loss during the financial year ended 30 June 2023; and
- allotted and issued placement shares of 5,455,000 at the issue price of S\$0.22 per new ordinary share for proceeds of approximately S\$1.20 million. Net proceeds received after deducting direct expenses relating to the placement of approximately S\$26,000 was approximately S\$1.174 million.

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E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

19. Share capital (Cont'd)

There was no change in the Company's share capital between 31 December 2022 (being the end of the previous period reported on) and 30 June 2023.

The Company has no shares that may be issued on conversion of outstanding convertibles as at the end of the current financial year reported on, i.e 30 June 2023 and as at the end of the previous period of the immediately preceding financial year, i.e. 30 June 2022.

The Company has neither treasury shares nor subsidiary holdings as at the end of the current financial year reported on, i.e. 30 June 2023 and as at the end of the previous period of the immediately preceding financial year, i.e. 30 June 2022.

The Company's subsidiary does not hold any shares in the Company as at 30 June 2023 and as at the end of the previous period of the immediately preceding financial year, i.e. 30 June 2022.

	Group Share capital S\$'000
Ordinary shares of no par value: At 1 July 2021 and 30 June 2022	1,500
Issuance of new shares pursuant to the RTO:	
- Consideration shares issued in relation to RTO	9,173
- Share-based payment – Sponsor shares	89
- Share-based payment – Arranger shares	1,114
- Issuance of ordinary shares	1,200
- Share issue expenses	(26)
	1,174
At 30 June 2023	13,050

20. Events after the end of the reporting year

On 14 August 2023, the Company incorporated Lincotrade & Associates (Malaysia) Sdn. Bhd., a 60% owned subsidiary in Malaysia.

Other than the above, there are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

Other Information Required by Catalist Rule Appendix 7C

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)

Other Information Required by Catalist Rule Appendix 7C

Other information

1. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors.

2. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable.

3. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- a) **Updates on the efforts taken to resolve each outstanding audit issue;**
b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. **Review of performance of the Group**

Revenue

During FY2023, revenue increased by approximately S\$30.6 million or 78.0% mainly due to higher revenue recognised from the commercial and showflats segments, but partially offset by lower revenue contribution from the residential segment. Revenue from commercial and showflats segments increased by approximately S\$17.9 million or 58.7% and approximately S\$14.1 million or 357.3% respectively, mainly due to higher percentage of completion for some of the Group's larger commercial and showflats projects. Revenue from the residential segment declined by approximately S\$1.4 million or 29.0% as most residential projects on hand were substantially completed during FY2022.

Gross profit

During FY2023, the Group's gross profit increased by approximately S\$2.6 million or 55.0% mainly due to the increase in revenue. However, the Group's gross profit margin dipped 1.5 percentage points from FY2022's 11.9% to FY2023's 10.4%. The lower gross profit margin was mainly due to the lower gross profit margin for the residential and showflats segments, partially offset by the higher gross profit margin from the commercial segment. Higher proportion of revenue contribution from showflats segment also accounted for lower overall gross profit margin of the Group during FY2023.

Interest income

Interest income was derived mainly from fixed deposit placed with banks. The increase in interest income was mainly due to the increase in fixed deposit placed with banks as well as higher fixed deposit interest rates during the current period under review.

Other income and gains

Other income and gains relate mainly to the government grants received during the financial period under review. The increase in government grants received during FY2023 was mainly due to the approval and receipt of the GEMS Listing Grant from MAS of approximately S\$272,000 in relation to the RTO, partially offset by the cessation of some grants from the Singapore Government that were introduced during the COVID-19 period, for example the Jobs Support Scheme and Foreign Workers Levy rebate.

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)

Other Information Required by Catalist Rule Appendix 7C

Other information

4. Review of performance of the Group (Cont'd)

Administrative expenses

Administrative expenses increased by approximately S\$1.2 million or 64.3% from approximately S\$1.9 million during FY2022 to approximately S\$3.1 million during FY2023. The increase was mainly due to the increase in employee benefits expenses of approximately S\$817,000 or 46.4%. With the larger project size and higher business volume, the Group's staff strength increased during the financial year under review. In addition, the Group also increased staffs' salary and bonuses to reward them for their past contributions to the Group.

Finance costs

The finance costs decreased by approximately S\$36,000 or 26.9% mainly due to lower principal amount of the term loans.

Other expenses

Other expenses increased by approximately S\$227,000 or 18.4% mainly due to higher transportation expenses and utilities expenses in line with the increase in revenue and business activities of the Group for FY2023.

Depreciation of property, plant and equipment increased marginally by approximately S\$25,000 or 4.4% due to additions of property, plant and equipment during the current financial year.

Depreciation of right-of-use assets remained the same at S\$62,000 during the current financial year.

Other losses

Other losses relate mainly to the deemed RTO expenses of approximately S\$9.6 million, the share-based payment to the Sponsor and Arranger of approximately S\$1.2 million in aggregate as well as the expenses incurred by the Group relating to the RTO exercise of approximately S\$196,000.

Income tax expenses

Income tax expenses relate mainly to the current year tax expenses relating to the Group's taxable profits.

Profit / (loss) before tax

As a result of the above, the Group registered a loss before tax of approximately S\$8.0 million during FY2023 mainly due to the one-off non-cash RTO expenses of approximately S\$10.8 million, comprising deemed RTO expenses of S\$9.6 million and the share-based payments to the Sponsor and Arranger of approximately S\$1.2 million. Excluding the one-off non-cash RTO expenses, the Group have registered an adjusted profit before tax of approximately S\$2.8 million.

Statement of Financial Position

Non-current assets

The Company's investment in subsidiary refers to the completion of the acquisition of Lincotrade PL on 3 August 2022.

Property, plant and equipment comprise leasehold properties, being 39 Sungei Kadut Loop, Singapore 729494 ("JTC Land"), leasehold improvement, furniture and fitting, motor vehicles, office equipment and tools and equipment. The decrease in property, plant and equipment was mainly due to depreciation expenses recognised during FY2023 of approximately S\$591,000 and the net book value of the plant and equipment arising from the disposal of approximately S\$13,000, partially offset by the acquisition of plant and equipment of approximately S\$484,000.

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)

Other Information Required by Catalist Rule Appendix 7C

Other information

4. Review of performance of the Group (Cont'd)

Statement of Financial Position (Cont'd)

Right-of-use assets refer to the land lease from the Jurong Town Corporation in respect of the JTC land and is depreciated over the lease period from 31 August 2015 to 28 February 2025. The decrease in right-of-use assets was due to the depreciation of the right-of-use assets.

Trade and other receivables comprise retention receivables. The retention monies that are receivable after 12 months from the reporting date are recorded as non-current. The increase of approximately S\$186,000 in retention receivables was attributable to higher billings for completed works during FY2023.

Current assets

Contract assets primarily relate to our Group's right to consideration for work completed but not billed at the reporting date on contracts and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional. This usually occurs when the work is certified by the customers and the Group invoices the customers. The decrease in contract assets of approximately S\$6.9 million was mainly due to the higher billings to customers during the current financial year resulting in contract assets being transferred to trade receivables.

Other non-financial assets comprise advances paid to suppliers, deposits to secure services and prepayment for expenses. Increase in other non-financial assets by approximately S\$719,000 was mainly due to higher advances paid to suppliers.

The increase in trade and other receivables by approximately S\$7.0 million was due to higher billings for completed works to customers during FY2023. Trade receivables (excluding retention receivables) turnover days improved slightly from 34 days for FY2022 to 31 days for FY2023.

Non-current liabilities

Lease liabilities relate to the non-current portion of our Group's lease in respect of the JTC Land and motor vehicles. The decrease is mainly due to the lease payments during FY2023.

Other financial liabilities, non-current refer to the non-current portion of the secured bank loans obtained to finance working capital of approximately S\$1.6 million. The decrease was mainly due to repayment of secured bank loans during FY2023.

Current liabilities

Income tax provision refers to the liability to pay corporate income tax in accordance with the tax regulations in Singapore. The increase in income tax provision was mainly due to the higher taxable profits during the current financial year.

Trade payables mainly comprise payables to subcontractors and suppliers, including retention of subcontractor fees. The increase in trade and other payables was mainly due to an increase in business activities during the current financial year. Trade payables (excluding retention payables) turnover days decreased from 86 days for FY2022 to 56 days for FY2023. The decrease is mainly due to faster payments to creditors for one of the bigger projects.

Contract liabilities primarily relate to advance consideration received from customers. Contract liabilities decreased mainly due to less deposit received from our customers.

Lease liabilities relate to the current portion of our Group's lease in respect of the JTC Land and motor vehicles. The increase in lease liabilities is mainly due to the purchase of motor vehicles under hire purchase arrangements, but partially offset by the lease payments during FY2023.

Other financial liabilities refer to bills payable, current portion of the secured bank loans obtained to finance working capital, and the loan from a shareholder. The increase in other financial liabilities of approximately S\$4.0 million was mainly due to classification of the shareholder's loan of S\$800,000 to current which will be due within the next 12 months and an increase in bills payable of approximately S\$3.1 million to repay creditors.

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) **Other Information Required by Catalist Rule Appendix 7C**

Other information

4. Review of performance of the Group (Cont'd)

Statement of Cash Flows

During FY2023, our Group recorded operating cash flows before working capital changes of approximately S\$3.5 million. Net cash from working capital amounted to approximately S\$1.5 million, mainly due to (i) decrease in contract assets of approximately S\$6.9 million due to higher billing to customers for certified completed jobs; (ii) increase in trade and other payables of approximately S\$2.8 million due to increase in business activities; (iii) partially offset by an increase in trade and other receivables of approximately S\$7.2 million due to increase in billings to customers for work done, increase in other non-financial assets of approximately \$675,000 and decrease in contract liabilities of approximately S\$321,000. Our Group also paid income tax of approximately S\$336,000. As a result, net cash generated from operating activities amounted to approximately S\$4.7 million.

Net cash used in investing activities mainly relates to purchase of plant and equipment of approximately S\$385,000, partially offset by the proceeds from disposal of property, plant and equipment of approximately S\$20,000 and the interest received of approximately S\$71,000.

Net cash flows used in financing activities of approximately S\$569,000 was mainly due to the repayment of term loans of approximately S\$1.5 million, increase in cash restricted in use of approximately S\$2.7 million due additional fixed deposit pledged for bank facilities and the payment of dividend to former shareholders of Lincotrade PL of S\$1.1 million, but was partially offset by net proceeds from issuance of new shares pursuant to the RTO exercise of approximately S\$1.2 million, net cash inflows from RTO of approximately S\$289,000, loan from a shareholder of S\$300,000 and an increase in bill payables of approximately S\$3.1 million.

As a result of the above, there was a net increase of approximately S\$3.8 million in cash and cash equivalents from approximately S\$5.3 million as at 1 July 2022 to approximately S\$9.1 million as at 30 June 2023.

5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed to shareholders for the financial period under review.

6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Trend information of the interior fitting-out works industry (“Industry”)

Singapore’s Building and Construction Authority (“BCA”) projects Singapore’s construction demand to remain strong in 2023 based on its media release dated 12 January 2023 ⁽¹⁾. The total construction demand in 2023 is projected to range between S\$27 billion and S\$32 billion, of which the public sector is expected to contribute about 60 per cent of the total construction demand this year, or between S\$16 billion and S\$19 billion.

The Group expects the demand for its interior fitting-out services in 2023 to remain strong in view of BCA’s projection. However, it also expects overall construction costs, labour cost, overheads and other operating expenses to rise mainly due to inflationary pressures, rising interest rates, geopolitical uncertainties and tightening of foreign workers policies.

As at 30 June 2023, the Group’s order book stood at approximately S\$58.0 million which generally will be fulfilled during the next two years.

(1) <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) Other Information Required by Catalist Rule Appendix 7C

Other information

6. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months. (Cont'd)**

Incorporation of Lincotrade & Associates (Malaysia) Sdn. Bhd. ("Lincotrade Malaysia") in Malaysia

On 14 August 2023, the Company announced the incorporation of Lincotrade Malaysia, with the Company holding 60% equity interest. The management aims to expand its business presence in Malaysia and will keep shareholders informed of any material updates moving forward. The management does not expect the incorporation of Lincotrade Malaysia to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2024.

7. **Dividend information**

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No.

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) ***Date payable***

Not Applicable.

(d) ***Books closure date***

Not Applicable.

(e) ***If no dividend has been declared/recommended, a statement to that effect.***

No dividend has been declared/recommended for the current financial year reported on as the Company has reported a loss.

8. **If the group has obtained a general mandate from shareholders for interested person transactions (IPTs), the aggregate value of such transactions as required under Catalist Rule 920. If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions pursuant to Catalist Rule 920.

9. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1).**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Catalist Rule 720(1).

Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)
Other Information Required by Catalist Rule Appendix 7C

Other information

10. **In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.**

Business segments

Revenue mix	FY2023		FY2022	
	S\$'000	%	S\$'000	%
Commercial	48,442	69.3	30,515	77.7
Residential	3,403	4.9	4,796	12.2
Showflats	18,030	25.8	3,943	10.1
	69,875	100.0	39,254	100.0

During FY2023, revenue from commercial and showflats segments increased by approximately 58.7% and 357.3% respectively mainly due to higher percentage of completion for some of the Group's larger commercial and showflats projects. Revenue from residential segment decreased by approximately 29.0% as most residential projects on hand were substantially completed during the preceding financial year.

Revenue contribution from the showflats segment increased from 10.1% to 25.8%, revenue contribution from commercial segment decreased from 77.7% to 69.3% and revenue contribution from residential segments decreased from 12.2% to 4.9% in FY2023.

Geographical segments

The Group's operations are primarily carried out in Singapore, no segmented revenue and results for geographical segment is presented.

11. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Catalist Rule 704(10).**

There are no person occupying a managerial position in the Company who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Catalist Rule 704(10).

12. **Additional information required pursuant to Rule 706A**

As at 30 June 2022, the Company does not have any subsidiary.

The Company completed the RTO on 3 August 2022. Upon Completion, the then existing shareholders of Lincotrade PL, on a collective basis, became the major shareholders of the Company.

On 14 August 2023, the Company incorporated Lincotrade & Associates (Malaysia) Sdn. Bhd., a 60% owned subsidiary in Malaysia.

13. **Utilisation of proceeds from the Placement ("Placement Proceeds") following the completion of the RTO**

As announced on 29 September 2022, the Placement Proceeds have been fully utilised. Please see the Company's announcement dated 29 September 2022 for details.

BY ORDER OF THE BOARD

TAN KOK HENG
INDEPENDENT NON-EXECUTIVE CHAIRMAN

TAN JIT MENG
MANAGING DIRECTOR

29 AUGUST 2023