



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**  
**ended 31 December 2022**

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*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, #04-00 Singapore 069531, Telephone: +65 6320 0627*

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# **Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

## **Disposal of Operating Subsidiary**

On 5 November 2021, Lincotrade & Associates Holdings 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.

## **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 31 December 2022 (“**6M2023**”) 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 31 December 2021 (“**6M2022**”) 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 31 December 2022 was prepared using reverse acquisition accounting to account for the RTO.
  - (ii) The comparative figures as at 31 December 2021 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 31 December 2022 is the statement of financial position of the Company after the completion of the RTO.
- (ii) The comparative figures as at 31 December 2021 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 are the consolidated changes in equity of the Group which include the changes arising from the RTO.
- (ii) The comparative figures for 6M2022 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 6M2023 are the consolidated cash flows of the Group after the completion of the RTO.
- (ii) The comparative figures for 6M2022 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

	<b>As at date of reverse acquisition S\$'000</b>
<b><u>Company</u></b>	
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 ( <b>Note A</b> )	(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
<b>Note A: Fair value of shares deemed issued</b>	
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

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
**Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

		<b>Group</b>		
	<b>Note</b>	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	4	40,864	18,635	119.3%
Cost of sales		(36,553)	(16,334)	123.8%
Gross profit		4,311	2,301	87.4%
Interest income		12	2	500.0%
Other income and gains	6	29	100	(71.0%)
Administrative expenses		(1,548)	(873)	77.3%
Finance costs	7	(53)	(71)	(25.4%)
Other expenses		(804)	(589)	36.5%
Other losses <sup>(1)</sup>	6	(10,981)	(471)	2231.4%
<b>(Loss) / profit before tax</b>		(9,034)	399	N.M.
Income tax expense	9	(448)	(148)	202.7%
<b>(Loss) / profit for the year and total comprehensive (loss) / income</b>		(9,482)	251	N.M.
<b>(Loss) / earnings per share</b>	<b>10</b>	<b>Singapore Cents</b>	<b>Singapore Cents</b>	
Basic		(5.87)	0.22	N.M.
Diluted		(5.87)	0.22	N.M.

<sup>(1)</sup> Included in other losses are one-off non-cash RTO expenses of approximately S\$10.8 million. Refer to Note 6 for more details.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
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**B. Condensed Interim Statements of Financial Position**

	Note	Group		Company	
		Unaudited 31 December 2022 S\$'000	Audited 30 June 2022 S\$'000	Unaudited 31 December 2022 S\$'000	Audited 30 June 2022 S\$'000
<b>ASSETS</b>					
<b>Non-current assets :</b>					
Investment in subsidiary	12	-	-	25,000	-
Property, plant and equipment	13	1,385	1,473	4	-
Right-of-use assets	14	131	162	-	-
Trade and other receivables, non-current	15	5,740	2,804	-	-
<b>Total non-current assets</b>		<b>7,256</b>	<b>4,439</b>	<b>25,004</b>	<b>-</b>
<b>Current assets :</b>					
Contract assets		11,226	12,211	-	-
Other non-financial assets		280	670	24	44
Trade and other receivables, current	15	7,600	4,196	2	-
Cash and cash equivalents		13,108	6,214	1,220	289
<b>Total current assets</b>		<b>32,214</b>	<b>23,291</b>	<b>1,246</b>	<b>333</b>
<b>Total assets</b>		<b>39,470</b>	<b>27,730</b>	<b>26,250</b>	<b>333</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves :</b>					
Share capital	18	13,050	1,500	33,614	6,237
(Accumulated losses) / retained earnings		(5,021)	4,461	(8,326)	(6,640)
<b>Total equity / (net capital deficit)</b>		<b>8,029</b>	<b>5,961</b>	<b>25,288</b>	<b>(403)</b>
<b>Non-current liabilities :</b>					
Lease liabilities, non-current		131	177	-	-
Other financial liabilities, non-current	17	2,638	3,097	300	500
<b>Total non-current liabilities</b>		<b>2,769</b>	<b>3,274</b>	<b>300</b>	<b>500</b>
<b>Current liabilities :</b>					
Income tax provision		548	288	-	-
Trade and other payables	16	18,411	9,746	162	236
Contract liabilities		1,026	790	-	-
Lease liabilities, current		90	89	-	-
Other financial liabilities, current	17	8,597	7,582	500	-
<b>Total current liabilities</b>		<b>28,672</b>	<b>18,495</b>	<b>662</b>	<b>236</b>
<b>Total liabilities</b>		<b>31,441</b>	<b>21,769</b>	<b>962</b>	<b>736</b>
<b>Total liabilities and equity</b>		<b>39,470</b>	<b>27,730</b>	<b>26,250</b>	<b>333</b>

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
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**C. Condensed Interim Statements of Changes in Equity**

	Total equity	Share capital	(Accumulated losses) / Retained earnings
<b>Group (S\$'000)</b>			
<b>Current period</b>			
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 period	(9,482)	-	(9,482)
<b>Balance at 31 December 2022</b>	<b>8,029</b>	<b>13,050</b>	<b>(5,021)</b>
<b>Previous period</b>			
Balance at 1 July 2021	6,440	1,500	4,940
Total comprehensive income for the period	251	-	251
<b>Balance at 31 December 2021</b>	<b>6,691</b>	<b>1,500</b>	<b>5,191</b>
	Total equity / (Net capital deficit)	Share capital	Accumulated losses
<b>Company (S\$'000)</b>			
<b>Current period</b>			
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 period	(1,686)	-	(1,686)
<b>Balance at 31 December 2022</b>	<b>25,288</b>	<b>33,614</b>	<b>(8,326)</b>
<b>Previous period</b>			
Balance at 1 July 2021	17,547	23,459	(5,912)
Capital reduction <sup>(1)</sup>	(17,222)	(17,222)	-
Total comprehensive income for the period	200	-	200
<b>Balance at 31 December 2021</b>	<b>525</b>	<b>6,237</b>	<b>(5,712)</b>

<sup>(1)</sup> Refer to Note 18A to the condensed interim financial statements.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
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**D. Condensed Interim Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>
<b>Cash flows from operating activities</b>		
(Loss) / profit before tax	(9,034)	399
Adjustments for :		
Depreciation of property, plant and equipment	283	275
Depreciation of right-of-use assets	31	31
Deemed RTO expenses	9,576	-
Share-based payment – Sponsor shares	89	-
Share-based payment – Arranger shares	1,114	-
Interest expenses	53	71
Interest income	(12)	(2)
Operating cash flows before changes in working capital	2,100	774
Contract assets	985	(1,065)
Trade and other receivables	(6,340)	(84)
Other non-financial assets	434	317
Contract liabilities	236	3
Trade and other payables	9,529	(1,341)
Net cash flows from / (used in) operations	6,944	(1,396)
Income taxes paid	(188)	(255)
Net cash flows from / (used in) operating activities	6,756	(1,651)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(195)	(105)
Interest received	12	2
Net cash flows used in investing activities	(183)	(103)
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of new shares	1,174	-
Net cash inflows from RTO	289	-
Loan from a shareholder	300	-
Cash restricted in use	7	-
Repayments of term loans	(745)	(668)
Increase in bills payable, net	501	1,245
Lease liabilities – principal portion and interest paid	(45)	(44)
Payment of dividend to previous shareholders	(1,100)	-
Interest paid	(53)	(71)
Net cash flows from financing activities	328	462
Net increase / (decrease) in cash and cash equivalents	6,901	(1,292)
Cash and cash equivalents, statement of cash flows, beginning balance	5,316	3,292
<b>Cash and cash equivalents, ending balance</b>	<b>12,217</b>	<b>2,000</b>
<b>Cash and cash equivalents</b>		
Balance per statement of financial position	13,108	2,581
Fixed deposits pledged for bank facilities	(891)	(581)
Balance per statement of cash flows	<b>12,217</b>	<b>2,000</b>



# **Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

## **E. Notes to the Condensed Interim Financial Statements**

### **1. Corporate information**

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. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

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 principal activities of the Group are disclosed in Note 4 on segment information.

### **2. Basis of Preparation**

The condensed interim consolidated financial statements for the 6-month period from 1 July 2022 to 31 December 2022 (“**6M2023**”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council 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.

The condensed interim financial statements are presented in Singapore dollars (“**S\$**”) and comprise the Company and its subsidiary (together referred to as the “**Group**”).

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.

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

**2. Basis of Preparation (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.

# **Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited) Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

### **2. Basis of Preparation (Cont'd)**

#### 2.2. Use of judgements and estimates (Cont'd)

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

##### 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 Financial Statements (Cont'd)**

**3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period 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 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>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue by segment										
External revenue	27,377	14,772	1,495	2,672	11,992	1,191	–	–	40,864	18,635
Segment results :–										
Gross profit	4,093	1,750	6	267	212	284	–	–	4,311	2,301
Interest income							12	2	12	2
Finance costs							(53)	(71)	(53)	(71)
Depreciation of property, plant and equipment							(283)	(275)	(283)	(275)
Depreciation of right-of-use assets							(31)	(31)	(31)	(31)
Employee benefits expenses							(1,285)	(815)	(1,285)	(815)
Unallocated corporate expenses							(724)	(241)	(724)	(241)
Other (losses) / income and gains							(10,981)	(471)	(10,981)	(471)
(Loss) / profit before tax									(9,034)	399
Income tax expense									(448)	(148)
(Loss) / profit after tax									(9,482)	251

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
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**E. Notes to the Condensed Interim 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>31 Dec</u>	<u>30 Jun</u>	<u>31 Dec</u>	<u>30 Jun</u>	<u>31 Dec</u>	<u>30 Jun</u>	<u>31 Dec</u>	<u>30 Jun</u>	<u>31 Dec</u>	<u>30 Jun</u>
	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Reportable segment assets</u></b>										
Trade and other receivables	11,104	5,609	612	800	1,618	585	6	6	13,340	7,000
Contract assets	4,359	6,499	2,266	3,140	4,601	2,572	–	–	11,226	12,211
Cash and cash equivalents							13,108	6,214	13,108	6,214
Other non-financial assets							280	670	280	670
Property, plant and equipment							1,385	1,473	1,385	1,473
Right-of-use assets							131	162	131	162
Total assets									<u>39,470</u>	<u>27,730</u>
<b><u>Reportable segment liabilities</u></b>										
Trade and other payables	–	–	–	–	–	–	18,411	9,746	18,411	9,746
Contract liabilities	1,026	790	–	–	–	–	–	–	1,026	790
Income tax provision							548	288	548	288
Lease liabilities							221	266	221	266
Other financial liabilities							11,235	10,679	11,235	10,679
Total liabilities									<u>31,441</u>	<u>21,769</u>
							<u>Unallocated</u>		<u>Total</u>	
							<u>6M2023</u>	<u>6M2022</u>	<u>6M2023</u>	<u>6M2022</u>
							S\$'000	S\$'000	S\$'000	S\$'000
Capital expenditure							(195)	(105)	<u>(195)</u>	<u>(105)</u>

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
**Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

**E. Notes to the Condensed Interim 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.

**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 31 December 2022 and 30 June 2022:

	Group		Company	
	Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000
<b>Financial assets</b>				
- Cash and cash equivalents	13,108	6,214	1,220	289
- Trade and other receivables	13,340	7,000	2	-
Financial assets at amortised cost	26,448	13,214	1,222	289
<b>Financial liabilities</b>				
- Trade and other payables	18,411	9,746	162	236
- Other financial liabilities	11,235	10,679	800	500
- Lease liabilities	221	266	-	-
Financial liabilities at amortised cost	29,867	20,691	962	736

**6. Other income and gains and (other losses)**

	Group		
	Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000	Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000	Increase/ (Decrease) %
<b>Other income and gains</b>			
Government grants	28	98	(71.4%)
Rental income	-	2	(100.0%)
Others	1	-	N.M.
	<u>29</u>	<u>100</u>	<u>(71.0%)</u>
<b>Other losses</b>			
Reverse takeover ("RTO") expenses	(196)	(471)	(58.4%)
Deemed RTO expenses <sup>(1)</sup>	(9,576)	-	N.M.
Share-based payment – Sponsor (Note 18B) <sup>(1)</sup>	(89)	-	N.M.
Share-based payment – Arranger (Note 18B) <sup>(1)</sup>	(1,114)	-	N.M.
Foreign exchange adjustment losses	(6)	-	N.M.
	<u>(10,981)</u>	<u>(471)</u>	<u>2231.4%</u>

<sup>(1)</sup> One-off non-cash RTO expenses

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
**Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**7. Finance costs**

	<b>Group</b>		
	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>	<b>Increase/ (Decrease) %</b>
<b>Finance costs</b>			
Interest on lease liabilities	6	8	(25.0%)
Interest on term loans	47	63	(25.4%)
Total finance costs	53	71	(25.4%)

**8. Related party transactions**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>
Advisory fees paid to a shareholder (Note 8A)	-	-	-	(19)
Consideration for the Disposal	-	-	-	18,000
Dividend income (Note 8B)	-	-	-	936

Note 8A

The Shareholder refers to Triple Vision Pte Ltd, the Company's ultimate controlling party prior to the Disposal. Subsequent to the completion of Disposal, it became a controlling shareholder of the Company.

Note 8B

Dividend income relates to dividend income declared by the Company's former subsidiary, Shandong Yinguang Technology Co., Ltd 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:

	<b>Group</b>		
	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022 S\$'000</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021 S\$'000</b>	<b>Increase/ (Decrease) %</b>
Current tax:			
Current tax expense	448	148	202.7%
Total income tax expenses recognised to profit or loss	448	148	202.7%



**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)  
Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**10. (Loss) / earnings per share**

	<b>Group</b>	
	<b>Unaudited 6 months from 1 Jul 2022 to 31 Dec 2022</b>	<b>Unaudited 6 months from 1 Jul 2021 to 31 Dec 2021</b>
	<b>Singapore cents</b>	<b>Singapore cents</b>
(Loss) / earnings per ordinary share for the year based on net (loss) income attributable to shareholders : Based on weighted average number of ordinary shares in issue	(5.87)	0.22
Weighted average number of ordinary shares in issue for basic (loss) / earnings per share	161,555,362	113,636,363 <sup>(#)</sup>

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

# The earnings per share for the period ended 31 December 2021 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**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 31 Dec 2022</b>	<b>Audited 30 Jun 2022</b>	<b>Unaudited 31 Dec 2022</b>	<b>Audited 30 Jun 2022</b>
	<b>Singapore cents</b>	<b>Singapore cents</b>	<b>Singapore cents</b>	<b>Singapore cents</b>
Net assets / (liabilities) value per ordinary share based on the issued shares at the end of the financial year	4.67	5.25	14.70	(0.86)
Number of issued shares used in calculating net asset value	172,027,726	113,636,363 <sup>(#)</sup>	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. Investment in subsidiary**

	<b>Company</b>	
	<b>Unaudited 31 Dec 2022 S\$'000</b>	<b>Audited 30 Jun 2022 S\$'000</b>
<u>Carrying value comprising</u>		
Unquoted equity shares at cost, as at beginning of year	-	-
Additions	25,000	-
Unquoted equity shares at cost, as at end of period	25,000	-

On 3 August 2022, the Company completed the RTO of Lincotrade PL for a consideration of S\$25.0 million.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)**  
**Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**13. Property, plant and equipment**

During the 6-month period ended 31 December 2022, the Group acquired plant and equipment amounting to \$195,000 (6M2022: \$105,000).

**14. 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.

**15. Trade and other receivables**

Group		Company	
Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000

Current:

Trade receivables:

Outside parties	7,380	3,655	-	-
Retention receivables	214	536	-	-
Subtotal	7,594	4,191	-	-

Other receivables:

Loan to staffs	4	5	-	-
Interest receivables	2	-	2	-
Subtotal	6	5	2	-

Total trade and other receivables,  
current

	7,600	4,196	2	-
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Non-current:

Trade receivables:

Retention receivables	5,740	2,804	-	-
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**16. Trade and other payables**

Group		Company	
Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000	Unaudited 31 Dec 2022 S\$'000	Audited 30 Jun 2022 S\$'000

Trade payables:

Outside parties	16,816	8,135	113	208
Retention payables	1,543	509	-	-
Subtotal	18,359	8,644	113	208

Other payables:

Dividend payable <sup>(1)</sup>	-	1,100	-	-
Outside parties	52	2	49	28
Subtotal	52	1,102	49	28

Total trade and other payables,  
current

	18,411	9,746	162	236
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**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)  
Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**16. Trade and other payables (Cont'd)**

- (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 6M2023. For more information, please refer to the Company's Circular dated 30 June 2022.

**17. Other financial liabilities**

	Group		Company	
	Unaudited 31 Dec 2022 S\$'000	Audited 30 June 2022 S\$'000	Unaudited 31 Dec 2022 S\$'000	Audited 30 June 2022 S\$'000
<u>Secured</u>				
Term loans (Note 17A)	3,849	4,594	-	-
Bills payable (Note 17B)	6,586	6,085	-	-
	10,435	10,679	-	-
<u>Unsecured</u>				
Loan from Triple Vision (Note 17C)	800	-	800	500
	800	-	800	500
Total	11,235	10,679	800	500
<u>Presented in statements of financial position</u>				
- Non-current	2,638	3,097	300	500
- Current	8,597	7,582	500	-
	11,235	10,679	800	-

Note 17A

As at 31 December 2022, term loans were secured by corporate guarantee by the Company and charge over all term deposits of its subsidiary.

Note 17B

As at 31 December 2022, 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 17C

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.

As at 31 December 2022, 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 will commence in August 2023.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)  
Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**17. Other financial liabilities (Cont'd)**

**Bank borrowings**

**Amount repayable in one year or less, or on demand**

**(S\$'000)**

<b>31 December 2022</b>		<b>30 June 2022</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
8,097	-	7,582	-

**Amount repayable after one year**

**(S\$'000)**

<b>31 December 2022</b>		<b>30 June 2022</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
2,338	-	3,097	-

**18. Share capital**

	<b>Company</b>	
	<b>Number of shares issued</b>	<b>Share capital S\$'000</b>
Ordinary shares of no par value:		
At 1 July 2020 and 30 June 2021	46,800,000	23,459
Capital reduction (Note 18A)	-	(17,222)
At 30 June 2022	46,800,000	6,237
Issuance of new shares pursuant to the RTO (Note 18B):		
- 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 31 December 2022	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 18A**

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.

**Lincotrade & Associates Holdings Limited (formerly known as Fabchem China Limited)  
Condensed Interim Financial Statements for the 6-month period ended 31 December 2022**

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

**18. Share capital (Cont'd)**

Note 18B

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 period ended 31 December 2022;
- 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 period ended 31 December 2022; 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.

The Company has no shares that may be issued on conversion of outstanding convertibles as at the end of the current financial period reported on, i.e 31 December 2022 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 period reported on, i.e. 31 December 2022 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 31 December 2022 and as at the end of the previous period of the immediately preceding financial year, i.e. 30 June 2022.

	<b>Group Share capital S\$'000</b>
Ordinary shares of no par value:	
At 1 July 2020, 30 June 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 31 December 2022	13,050

**19. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim 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**

Revenue increased by approximately S\$22.2 million or 119.3% mainly due to higher revenue recognised for the commercial and showflats segments, but partially offset by lower revenue contribution from the residential segment. Commercial and showflats segments increased by approximately S\$12.6 million or 85.3% and approximately S\$10.8 million or 906.9% respectively, mainly due to higher percentage of completion for some of the Group's larger commercial and showflats projects. Residential segment decreased by approximately S\$1.2 million or 44.0% as most residential projects on hand were substantially completed during the financial year ended 30 June 2022 ("FY2022").

#### **Gross profit**

During 6M2023, the Group's gross profit increased by approximately S\$2.0 million or 87.4% mainly due to the increase in revenue. However, gross profit margin dipped 1.8 percentage points from 6M2022's 12.3% to 6M2023's 10.5%. 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 from showflats also lowered the overall gross profit margin of the Group during 6M2023.

#### **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 decrease in government grants received during the current period under review was mainly due to 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\$675,000 or 77.3% from approximately S\$873,000 during 6M2022 to approximately S\$1.5 million during 6M2023. The increase was mainly due to the increase in employee benefits expenses of approximately S\$470,000 or 57.7%. The Group increased our staff strength during the current period under review with the increase in project size and revenue. 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\$18,000 or 25.4% mainly due to due to lower principal amount of the term loans.

##### **Other expenses**

Other expenses increased by approximately S\$215,000 or 36.5% mainly due to higher transportation expenses and utilities expenses in line with the increase in revenue and business activities of the Group during the current period under review.

Depreciation of property, plant and equipment increased marginally by approximately S\$8,000 or 2.9% due to additions of property, plant and equipment during the current period under review.

Depreciation of right-of-use assets remained the same at S\$31,000 during the current period under review.

##### **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 to the current year tax expenses relating to the Group's taxable profits.

##### **(Loss) / profit before tax**

As a result of the above, the Group registered a loss before tax of approximately S\$9.0 million in 6M2023 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 registered profit before tax of approximately S\$1.7 million.

##### **Statement of Financial Position**

The Company's investment in subsidiary is due 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 6M2023 of approximately S\$283,000, partially offset by the acquisition of property, plant and equipment of approximately S\$195,000.

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.



## **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)**

Trade and other receivables, non-current 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\$2.9 million in retention receivables was attributable to higher billings for completed works during 6M2023.

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\$985,000 was mainly to the higher billings to customers during the current period under review.

Other non-financial assets comprise advances paid to suppliers, deposits to secure services and prepayment for expenses. Decrease in other non-financial assets by approximately S\$390,000 was mainly due to lower advances paid to suppliers.

The increase in trade and other receivables was due to higher billings for completed works to customers during 6M2023. Trade receivables (excluding retention receivables) turnover days improved from 38 days for 6M2022 to 33 days for 6M2023.

Lease liabilities, non-current relate to the non-current portion of our Group's lease in respect of the JTC Land and motor vehicles. The decrease in lease liabilities was mainly due to the lease payments during 6M2023.

Other financial liabilities, non-current refer to the non-current portion of the secured bank loans obtained to finance working capital of approximately S\$2.3 million and the non-current portion of the loan from a shareholder of S\$300,000. The decrease was mainly due to repayment of secured bank loans during the 6M2023, partially offset by the loan from a shareholder of S\$300,000.

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 period under review.

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 period under review. Trade payables (excluding retention payables) turnover days increased from 72 days for 6M2022 to 91 days for 6M2023.

Contract liabilities primarily relate to advance consideration received from customers. Contract liabilities increased mainly due to more deposit received from our customers.

Lease liabilities, current relate to the current portion of our Group's lease in respect of the JTC Land and motor vehicles. There are no material changes to the current portion of the lease liabilities.

Other financial liabilities, current refer to the bills payable, the current portion of the secured bank loans obtained to finance working capital, and the current portion of the loan from a shareholder. The increase was mainly due to an increase in bills payable of approximately S\$501,000 to repay creditors as well as the loan from a shareholder of S\$500,000.

## **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 Cash Flows**

During 6M2023, our Group recorded operating cash flows before working capital changes of approximately S\$2.1 million. Net cash from working capital amounted to approximately S\$4.8 million, mainly due to (i) an decrease in contract assets of approximately S\$985,000 due to higher billing to customers; (ii) the increase in trade and other payables of approximately S\$9.5 million due to increase in business activities; (iii) decrease in other non-financial assets of S\$434,000 and increase in contract liabilities of approximately S\$236,000; (iv) partially offset by an increase in trade and other receivables of approximately S\$6.3 million due to increase in billings to customers for work done. Our Group also paid income tax of approximately S\$188,000. As a result, net cash generated from operating activities amounted to approximately S\$6.8 million.

Net cash used in investing activities mainly relates to purchase of plant and equipment of approximately S\$195,000, partially offset by the interest received of approximately S\$12,000.

Net cash flows from financing activities of approximately S\$328,000 was mainly due to the 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, an increase in bill payables of approximately S\$501,000, which was partially offset by the repayment of term loans of approximately S\$745,000 and the payment of dividend to previous shareholders of S\$1.1 million.

As a result of the above, there was a net increase of approximately S\$6.9 million in cash and cash equivalents from approximately S\$5.3 million as at 1 July 2022 to approximately S\$12.2 million as at 31 December 2022.

#### **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. 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 be in line with 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, tightening of foreign workers policies and the expenses incurred in connection with the RTO.

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

**Other information**

**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/recommendeded for the current financial period reported on as the Company is making losses.

**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).

**10. 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.

**11. 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.

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**Other Information Required by Catalist Rule Appendix 7C**

**Other information**

**12. Negative assurance confirmation pursuant to Rule 705(5) of the Catalist Rule**

We, Tan Kok Heng and Tan Jit Meng, being the directors of the Company, do hereby confirm on behalf of the board of directors of the Company (“**Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the 6-month period ended 31 December 2022 set out above to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**TAN KOK HENG**  
**INDEPENDENT NON-EXECUTIVE CHAIRMAN**

**TAN JIT MENG**  
**MANAGING DIRECTOR**

**13 FEBRUARY 2023**