

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

KWAN YONG HOLDINGS LIMITED

光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9998)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Kwan Yong Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2023, together with the comparative figures for the year ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

| | <i>Notes</i> | 2023 SGD'000 | 2022 SGD'000 |
|---|--------------|-------------------------------|-----------------|
| Revenue | 4 | 111,435 | 77,766 |
| Cost of sales | | <u>(102,828)</u> | <u>(74,008)</u> |
| Gross profit | | 8,607 | 3,758 |
| Other income and gain | 5 | 1,316 | 2,605 |
| Administrative expenses | | (7,351) | (6,371) |
| Other expenses | | (47) | (193) |
| Finance costs | 6 | <u>(135)</u> | <u>(181)</u> |
| Profit/(loss) before tax | 7 | 2,390 | (382) |
| Income tax expense | 8 | <u>(65)</u> | <u>(9)</u> |
| Profit/(loss) for the year attributable to shareholders of the Company | | <u>2,325</u> | <u>(391)</u> |
| Other comprehensive income/(loss) | | | |
| <i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i> | | | |
| Fair value gain/(loss) on equity investments at fair value through other comprehensive income | | 82 | (144) |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | | |
| Foreign currency translation | | <u>–</u> | <u>124</u> |
| Other comprehensive income/(loss) for the year, net of tax | | <u>82</u> | <u>(20)</u> |
| Total comprehensive income/(loss) for the year attributable to shareholders of the Company | | <u>2,407</u> | <u>(411)</u> |
| Basic and diluted earnings per share (cents) | 10 | <u>0.29</u> | <u>(0.05)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | <i>Notes</i> | 2023 SGD'000 | 2022 SGD'000 |
|--|--------------|-------------------------------|-----------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | <i>11</i> | 16,800 | 18,676 |
| Investment properties | | 1,810 | 1,841 |
| Equity investments at fair value through other comprehensive income | <i>12</i> | 1,034 | 952 |
| Total non-current assets | | 19,644 | 21,469 |
| Current assets | | | |
| Contract assets | <i>13</i> | 19,889 | 17,385 |
| Trade receivables | <i>14</i> | 19,048 | 14,346 |
| Prepayments, deposits and other receivables | <i>15</i> | 799 | 763 |
| Pledged deposits | | 3,000 | 4,000 |
| Cash and cash equivalents | | 22,913 | 13,877 |
| Total current assets | | 65,649 | 50,371 |
| Total assets | | 85,293 | 71,840 |
| Current liabilities | | | |
| Contract liabilities | <i>13</i> | 7,932 | 3,905 |
| Trade and other payables | <i>16</i> | 33,578 | 27,376 |
| Provisions | <i>17</i> | 2,984 | 685 |
| Borrowings | | 1,031 | 1,312 |
| Lease liabilities | | 98 | 175 |
| Tax payable | | 15 | 9 |
| Total current liabilities | | 45,638 | 33,462 |
| Net current assets | | 20,011 | 16,909 |

| | | 2023 | 2022 |
|---|--------------|-----------------------|----------------|
| | <i>Notes</i> | <i>SGD'000</i> | <i>SGD'000</i> |
| Non-current liabilities | | | |
| Borrowings | | 965 | 1,996 |
| Lease liabilities | | 1,268 | 1,367 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 2,233 | 3,363 |
| | | <hr/> | <hr/> |
| Total liabilities | | 47,871 | 36,825 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Net assets | | 37,422 | 35,015 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Equity attributable to shareholders of the Company | | | |
| Issued capital | <i>18</i> | 1,389 | 1,389 |
| Share premium | | 32,978 | 32,978 |
| Reserves | | 3,055 | 648 |
| | | <hr/> | <hr/> |
| Total equity | | 37,422 | 35,015 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

| | Attributable to shareholders of the Company | | | | | |
|--|---|-----------------------|--------------------------------------|---------------------|------------------|---------------|
| | Issued capital | Share premium account | Foreign currency translation reserve | Fair value reserves | Retained profits | Total equity |
| | SGD'000 | SGD'000 | SGD'000 | SGD'000 | SGD'000 | SGD'000 |
| At 1 July 2021 | 1,389 | 32,978 | (238)* | – | 1,297* | 35,426 |
| Loss for the year | – | – | – | – | (391) | (391) |
| Other comprehensive income/(loss) for the year: | | | | | | |
| Foreign currency translation | – | – | 124 | – | – | 124 |
| Fair value losses on equity instruments at fair value through other comprehensive income | – | – | – | (144) | – | (144) |
| Total comprehensive loss for the year | – | – | 124 | (144) | (391) | (411) |
| At 30 June 2022 and 1 July 2022 | 1,389 | 32,978 | (114)* | (144)* | 906* | 35,015 |
| Profit for the year | – | – | – | – | 2,325 | 2,325 |
| Other comprehensive income for the year: | | | | | | |
| Fair value gain on equity instruments at fair value through other comprehensive income | – | – | – | 82 | – | 82 |
| Total comprehensive income for the year | – | – | – | 82 | 2,325 | 2,407 |
| At 30 June 2023 | 1,389 | 32,978 | (114)* | (62)* | 3,231* | 37,422 |

* These reserves accounts comprise the consolidated reserves of approximately SGD3,055,000 (2022: approximately SGD648,000) in the consolidated statement of financial position as at 30 June 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

| | Notes | 2023 SGD'000 | 2022 SGD'000 |
|--|-------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 2,390 | (382) |
| Adjustments for: | | | |
| Bank interest income | 5 | (454) | (46) |
| Gain on disposal of property, plant and equipment, net | 5 | (190) | (74) |
| Amortisation of deferred capital grants | 5 | – | (4) |
| Dividend income from equity investments | 5 | (24) | (20) |
| Finance costs | 6 | 135 | 181 |
| Depreciation of property, plant and equipment | 7 | 2,298 | 2,299 |
| Depreciation of investment properties | 7 | 31 | 31 |
| Government grant not yet received | | – | (47) |
| Provision for defect liabilities, net | 17 | (24) | (267) |
| Provision for onerous contracts | 17 | 2,323 | (303) |
| | | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | | 6,485 | 1,368 |
| Increase in contract assets | | (2,504) | (4,942) |
| Increase in trade receivables | | (4,702) | (1,705) |
| (Increase)/decrease in prepayments, deposits and other receivables | | (149) | 1,663 |
| Increase in contract liabilities | | 4,027 | 3,238 |
| Increase/(decrease) in trade and other payables | | 6,202 | (14,304) |
| | | <hr/> | <hr/> |
| Cash flows generated from/(used in) operations | | 9,359 | (14,682) |
| Income tax refund | | 54 | – |
| | | <hr/> | <hr/> |
| Net cash flows generated from/(used in) operating activities | | 9,413 | (14,682) |
| | | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Placement of time deposits with original maturity of more than three months when acquired | | (15,000) | (4,000) |
| Withdrawal of time deposits with original maturity of more than three months when acquired | | 16,000 | 4,000 |
| Interest received | | 454 | 46 |
| Dividend received | | 24 | 20 |
| Purchase of items of property, plant and equipment | | (586) | (582) |
| Purchase of equity investments | | – | (1,096) |
| Proceeds from disposal of property, plant and equipment | | 354 | 77 |
| | | <hr/> | <hr/> |
| Net cash flows generated from/(used in) investing activities | | 1,246 | (1,535) |
| | | <hr/> | <hr/> |

| | 2023 | 2022 |
|---|-----------------------|----------------|
| <i>Notes</i> | <i>SGD'000</i> | <i>SGD'000</i> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (135) | (181) |
| Payment for lease liabilities for leasehold land | (176) | (167) |
| Payment of principal portion under hire purchase obligation | (311) | (535) |
| Repayment of bank borrowings | <u>(1,001)</u> | <u>(1,407)</u> |
| Net cash flows used in financing activities | <u>(1,623)</u> | <u>(2,290)</u> |
| Net increase/(decrease) in cash and cash equivalents | 9,036 | (18,507) |
| Cash and cash equivalents at beginning of year | 13,877 | 32,260 |
| Effect of foreign exchange rate changes | <u>–</u> | <u>124</u> |
| Cash and cash equivalents at end of year | <u>22,913</u> | <u>13,877</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands, and the headquarter and principal place of business in Singapore of the Company is located at 11 Joo Koon Crescent, Singapore 629022.

The Company is an investment holding company. The Group is principally engaged in the provision of general building and construction services in Singapore.

Ideal Smart Ventures Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the disclosures requirement of the Hong Kong Companies Ordinance.

The financial statements have been prepared on a historical basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD”) and all values are rounded to the nearest thousand (“SGD’000”), except where otherwise stated.

2.2 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these new standards did not have any material effect on the financial performance or position of the Company. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Standards issued but not yet effective

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

| Description | Effective for annual periods beginning on or after |
|--|---|
| IFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2: <i>Disclosures of Accounting Policies</i> | 1 January 2023 |
| Amendments to IAS 12 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to IAS 1 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined |

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3. SEGMENT INFORMATION

Operating segment information

For management purposes, the Group is organised into business units based on their products and services, and has 3 reportable operating segments as follows:

- (a) The construction segment is in the business of general building and construction services.
- (b) The property segment is in the business of leasing and management of dormitory.
- (c) The corporate segment comprise the corporate services and investment holding activities of the Group.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the financial statements. Segment assets and liabilities are measured in a manner consistent with those of the financial statements.

Year ended 30 June 2023

| | Construction <i>SGD'000</i> | Property <i>SGD'000</i> | Corporate <i>SGD'000</i> | Total <i>SGD'000</i> |
|---|---------------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| Revenue | | | | |
| External customers | <u>110,739</u> | <u>696</u> | <u>–</u> | <u>111,435</u> |
| Segment results | <u>2,289</u> | <u>686</u> | <u>(585)</u> | <u>2,390</u> |
| Segment assets | <u>83,467</u> | <u>385</u> | <u>1,441</u> | <u>85,293</u> |
| Segment liabilities | <u>47,505</u> | <u>74</u> | <u>292</u> | <u>47,871</u> |
| Other segment information | | | | |
| Interest income | 454 | – | – | 454 |
| Finance cost | 135 | – | – | 135 |
| Depreciation of property, plant and equipment | 2,298 | – | – | 2,298 |
| Depreciation of investment properties | <u>31</u> | <u>–</u> | <u>–</u> | <u>31</u> |

Year ended 30 June 2022

| | Construction SGD'000 | Property SGD'000 | Corporate SGD'000 | Total SGD'000 |
|--|-------------------------|---------------------|----------------------|------------------|
| Revenue | | | | |
| External customers | <u>77,497</u> | <u>269</u> | <u>–</u> | <u>77,766</u> |
| Segment results | <u>130</u> | <u>111</u> | <u>(623)</u> | <u>(382)</u> |
| Segment assets | <u>69,930</u> | <u>214</u> | <u>1,696</u> | <u>71,840</u> |
| Segment liabilities | <u>36,440</u> | <u>100</u> | <u>285</u> | <u>36,825</u> |
| Other segment information | | | | |
| Interest income | 45 | – | 1 | 46 |
| Finance cost | 181 | – | – | 181 |
| Depreciation of property, plant and equipment | 2,299 | – | – | 2,299 |
| Depreciation of investment properties | <u>31</u> | <u>–</u> | <u>–</u> | <u>31</u> |

Geographical information

The Group's revenue during the financial years ended 30 June 2023 and 2022 were all derived from external customers based in Singapore, and the Group's non-current assets, excluding financial assets, as at the end of the financial years ended 30 June 2023 and 2022 were all located in Singapore.

Information about major customers

Revenue from major customers, which contributed 10% or more of the Group's revenue for years ended 30 June 2023 and 2022, is set out below:

| | 2023 SGD'000 | 2022 SGD'000 |
|------------|-----------------|-----------------|
| Customer A | N/A* | 14,191 |
| Customer B | 29,621 | 18,771 |
| Customer C | 42,985 | 25,077 |
| Customer D | 17,591 | 16,230 |
| Customer E | <u>19,078</u> | <u>N/A*</u> |

* The customer did not contribute 10% or more of the Group's revenue in the years ended 30 June 2023 and 2022.

4. REVENUE

(a) Disaggregation revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| Segments | Construction | | Property | | Total | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2023 SGD'000 | 2022 SGD'000 | 2023 SGD'000 | 2022 SGD'000 | 2023 SGD'000 | 2022 SGD'000 |
| Type of goods or services | | | | | | |
| Construction contracts | 110,739 | 77,497 | - | - | 110,739 | 77,497 |
| Rental of dormitory | - | - | 696 | 269 | 696 | 269 |
| | <u>110,739</u> | <u>77,497</u> | <u>696</u> | <u>269</u> | <u>111,435</u> | <u>77,766</u> |

Revenues are recognised over time and all revenue are generated in Singapore.

(b) Judgement and methods used in estimating revenue

Performance obligation – Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

(c) Transaction price allocated to remaining performance obligation

The contract assets are expected to be recovered or settled within 4 years upon completion of services and acceptance by the customers.

(d) Contract balances

| | 2023 SGD'000 | 2022 SGD'000 |
|--------------------------------|-----------------|-----------------|
| Trade receivables (Note 14) | 19,048 | 14,346 |
| Contract assets (Note 13) | 19,889 | 17,385 |
| Contract liabilities (Note 13) | <u>7,932</u> | <u>3,905</u> |

Set out below is the amount of revenue recognised from:

| | 2023 SGD'000 | 2022 SGD'000 |
|---|-----------------|-----------------|
| Amounts included in the contract liabilities at the beginning of the year | 3,905 | 667 |
| Performance obligations satisfied in previous years | <u>2,401</u> | <u>1,391</u> |

Variable consideration that is constrained is not included in the transaction price. The Group determined that the estimates of variable consideration are not constrained.

5. OTHER INCOME AND GAIN

An analysis of the Group's other income and gain for each of the reporting period is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|--|------------------------|------------------------|
| Other income | | |
| Bank interest income | 454 | 46 |
| Government grants (a) | 70 | 811 |
| Amortisation of deferred capital grants | – | 4 |
| Rental income | 456 | 453 |
| COVID-19 related prolongation claims (b) | 122 | 1,197 |
| Dividend income from equity investments at fair value through other comprehensive income | 24 | 20 |
| | <u>1,126</u> | <u>2,531</u> |
| Gain | | |
| Gain on disposal of property, plant and equipment | 190 | 74 |
| | <u>1,316</u> | <u>2,605</u> |

Notes:

- (a) During the years ended 30 June 2023 and 2022, subsidies were received by a subsidiary from various government authorities in Singapore for employment incentives, productivity improvement and COVID-19 related grants and rebates. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.

Included in government grants are COVID-19 related grants and rebates of SGDNil (2022: approximately SGD747,000).

- (b) During the years ended 30 June 2023 and 2022, COVID-19 related prolongation claims in relation to the co-share of prolongation costs with project owners due to COVID-19 events were received by a subsidiary.

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|---------------------|------------------------|------------------------|
| Interest on: | | |
| Term loan | 50 | 73 |
| Hire purchases | 4 | 18 |
| Lease liabilities | 81 | 90 |
| | <u>135</u> | <u>181</u> |

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

| | <i>Note</i> | 2023 SGD'000 | 2022 SGD'000 |
|---|-------------|-------------------------------|-----------------|
| Cost of construction work | | 100,505 | 73,436 |
| Onerous contract | | 2,323 | – |
| Depreciation of property, plant and equipment | | 2,298 | 2,299 |
| Less: Amount included in cost of construction work | | (1,847) | (1,766) |
| | | 451 | 533 |
| Depreciation of investment properties | | 31 | 31 |
| Expensed relating to short-term leases and leases of low value assets | | 15 | 5 |
| Less: Amount included in cost of construction work | | (10) | – |
| | | 5 | 5 |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties | | 42 | 35 |
| Employee benefit expense (excluding directors' remuneration): | | | |
| Salaries, allowances and benefits in kind | | 8,321 | 7,543 |
| Wages | | 2,801 | 3,056 |
| Pension scheme contributions | | 558 | 529 |
| | | 11,680 | 11,128 |
| Less: Amount included in cost of construction work | | (7,758) | (8,439) |
| | | 3,922 | 2,689 |
| Provision for defect liabilities | <i>17</i> | 185 | 528 |
| Auditor's remuneration | | 178 | 170 |
| COVID-19 related expenses | | 47 | 193 |

Included in cost of construction is a reversal of accrued subcontractor costs of approximately SGD628,000 (2022: SGD5,200,000) during the year.

8. INCOME TAX EXPENSE

Pursuant to the rules and regulation of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. The Company is a tax resident in Singapore and is subject to Singapore tax laws.

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during the years ended 30 June 2023 and 2022.

An analysis of the Group's income tax is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|--------------------------------|-------------------------------|------------------------|
| Current tax – Singapore: | | |
| Charge for the year | 15 | 9 |
| Under provision in prior years | 50 | – |
| | <u>65</u> | <u>9</u> |

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate of Singapore (in which the Group operates) to the tax expense at the effective tax rate is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|---|-------------------------------|------------------------|
| Profit/(loss) before tax | <u>2,390</u> | <u>(382)</u> |
| Tax at the statutory rate of 17% (2022: 17%) | 406 | (65) |
| Income not subject to tax | – | (1) |
| Expenses not deductible for tax | 313 | 310 |
| Partial tax exemption | (15) | (10) |
| Under provision in respect of prior years | 50 | – |
| Deferred tax benefits on temporary differences not recognised | – | 67 |
| Utilisation of previously unrecognised tax losses | (689) | (292) |
| Tax charged for the year | <u>65</u> | <u>9</u> |

At the end of the reporting period, the Group has tax losses of approximately SGD11,051,000 (2022: approximately SGD15,104,000) that are available for offset against future taxable profits in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the financial years ended 30 June 2023 and 2022.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

| | 2023 | 2022 |
|--|-------------|---------------|
| Profit/(loss) attributable to the shareholders of the Company (<i>SGD</i>) | 2,325,000 | (391,000) |
| Weighted average number of ordinary shares in issue | 800,000,000 | 800,000,000 |
| Basic and diluted earnings per shares (<i>Singapore cents</i>) | <u>0.29</u> | <u>(0.05)</u> |

The calculation of basic earnings per share is based on the profit/(loss) for the year attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of these years.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and Disposals

During the year ended 30 June 2023, the Group acquired assets with a cost of approximately SGD586,000 (2022: approximately SGD1,072,000).

Assets with a net carrying amount of approximately SGD164,000 (2022: approximately SGD3,000) were disposed by the Group during the financial years, resulting in a net gain on disposal of approximately SGD190,000 (2022: net gain of approximately SGD74,000).

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|---|------------------------|------------------------|
| Equity investments at fair value through other comprehensive income | | |
| Listed equity investments | <u>1,034</u> | <u>952</u> |

The Group has elected to measure these equity investments at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. Fair values of these equity shares are determined by reference to published price quotation in an active market.

Equity investments denominated in currency other than the functional currency are as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|-----------------------|------------------------|------------------------|
| United States Dollars | <u>362</u> | <u>290</u> |

13. CONTRACT BALANCES

Information relating to contract balances arising from contracts with customers is disclosed as follows:

| | | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|-----------------------|-----|-------------------------------|------------------------|
| Contract assets: | | | |
| Retention receivables | (a) | 773 | 1,545 |
| Other contract assets | (b) | <u>19,116</u> | <u>15,840</u> |
| Total contract assets | (c) | <u><u>19,889</u></u> | <u><u>17,385</u></u> |
| Trade receivables | 14 | <u><u>19,048</u></u> | <u><u>14,346</u></u> |
| Contract liabilities | (d) | <u><u>(7,932)</u></u> | <u><u>(3,905)</u></u> |

Notes:

- (a) Retention receivables held by contract customers arose from the Group's construction work business and are settled within a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts.

The due date for settlement of the Group's retention receivables as at the end of each reporting period is analysed as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|--------------------|-------------------------------|------------------------|
| Due after one year | <u><u>773</u></u> | <u><u>1,545</u></u> |

- (b) Other contract assets primarily relate to the Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers as at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

The movement in contract assets are explained as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|--|-------------------------------|------------------------|
| Contract assets: | | |
| Total contract assets at beginning of the year | 17,385 | 12,443 |
| Work performed but not yet certified | 18,783 | 16,251 |
| Contract assets transferred to trade receivables | <u>(16,279)</u> | <u>(11,309)</u> |
| Total contract assets at end of the year | <u><u>19,889</u></u> | <u><u>17,385</u></u> |

The increase in contracts assets during the year ended 30 June 2023 was the result of the increase in the value of the construction works performed but have not yet been certified by the surveyors appointed by the customers at the end of the year ended 30 June 2023.

The expected timing of recovery or settlement of contract assets as at the end of each of the years ended 30 June 2023 and 2022 is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|-----------------------------|-------------------------------|------------------------|
| Within one year | 17,750 | 11,924 |
| More than one year | 1,366 | 3,916 |
| Total other contract assets | 19,116 | 15,840 |

- (c) The Group applies the simplified approach to provide for ECL as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 2023 and 2022.
- (d) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue when the Group performs under the contract.

The movement in contract liabilities are explained as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|--|-------------------------------|------------------------|
| Contract liabilities: | | |
| Total contract liabilities at beginning of the year | 3,905 | 667 |
| Revenue recognised that was included in contract liabilities | (3,905) | (667) |
| Advances received in relation to the construction contracts | 7,932 | 3,905 |
| Total contract liabilities at end of the year | 7,932 | 3,905 |

- (e) As at 30 June 2023, performance bonds amounting to approximately SGD25,152,000 (2022: approximately SGD21,052,000) were issued by insurance companies as security deposits in lieu of cash to customers of the Group for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance companies accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds are secured either by way of personal guarantees given by two directors of the Company or corporate guarantee.

14. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on a 30-day term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group assesses at the end of each reporting period whether there is objective evidence that any trade receivables are impaired. The Group seeks to maintain strict control over all its outstanding receivables and has a credit control in place to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has assessed the impairment of its trade receivables on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. Expected credit losses (“ECLs”) is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and loss on collection is not material, no ECL was made for trade receivables as at 30 June 2023 and 2022.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|-----------------------|-------------------------------|------------------------|
| Within one month | 6,697 | 5,155 |
| 1 to 2 months | 2,858 | 1,037 |
| 2 to 3 months | 41 | – |
| Over 3 months | 5 | 6 |
| | <hr/> | <hr/> |
| | 9,601 | 6,198 |
| Unbilled receivables* | 9,447 | 8,148 |
| | <hr/> | <hr/> |
| | 19,048 | 14,346 |
| | <hr/> <hr/> | <hr/> <hr/> |

* Unbilled receivables related to construction work which have been certified by customers but related invoices have not been issued as at the end of the reporting period.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
|----------------------------------|-------------------------------|------------------------|
| Prepayments | 85 | 134 |
| Advance payment to subcontractor | 122 | – |
| Deposits | 453 | 212 |
| Government grant receivable | – | 47 |
| Tax recoverable | – | 113 |
| Prolongation claim receivable | – | 184 |
| Other receivables | 139 | 73 |
| | <hr/> | <hr/> |
| | 799 | 763 |
| | <hr/> <hr/> | <hr/> <hr/> |

Included in other receivables are purchases made on behalf of subcontractors amounted to approximately SGD137,000 (2022: approximately SGD70,000). The amount is unsecured, interest-free and repayable on demand.

In the previous financial year, prolongation claim receivables relate to receivables from customers in relation to the co-share of prolongation costs with project owners due to COVID-19 events.

16. TRADE AND OTHER PAYABLES

| | | 2023 | 2022 |
|-----------------------------|-----|----------------|---------------|
| | | SGD'000 | SGD'000 |
| Trade payables | (a) | 4,367 | 1,328 |
| Accrued subcontractor costs | | 17,436 | 16,409 |
| Accrued operating expenses | | 1,150 | 776 |
| Retention payables | (b) | 10,021 | 8,458 |
| Deposit received | | 149 | 127 |
| GST payable | | 455 | 278 |
| | | <u>33,578</u> | <u>27,376</u> |

Notes:

- (a) The Group's trade payables are unsecured, non-interest bearing, and are normally settled on average terms of 30 to 60 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2023 | 2022 |
|------------------|----------------|--------------|
| | SGD'000 | SGD'000 |
| Within one month | 3,720 | 1,021 |
| 1 to 2 months | 393 | 80 |
| 2 to 3 months | 82 | 40 |
| Over 3 months | 172 | 187 |
| | <u>4,367</u> | <u>1,328</u> |

- (b) Retention payables represent contract sums payable to the Group's subcontractors which are withheld by the Group for a period of time after the work has been completed in accordance with contractual terms and conditions agreed with its subcontractors.

The expected due date for settlement of the Group's retention payables as at the end of the reporting period is analysed as follows:

| | 2023 | 2022 |
|---------------------|----------------|--------------|
| | SGD'000 | SGD'000 |
| Due within one year | 5,723 | 1,876 |
| Due after one year | 4,298 | 6,582 |
| | <u>10,021</u> | <u>8,458</u> |

17. PROVISIONS

| | Defect liabilities <i>SGD'000</i> | Onerous contracts <i>SGD'000</i> | Total <i>SGD'000</i> |
|---|---|--|--------------------------------|
| At 1 July 2021 | 952 | 303 | 1,255 |
| Additional provision made during the year | 528 | – | 528 |
| Reversal of provision | (608) | (303) | (911) |
| Utilised during the year | (187) | – | (187) |
| | <u>685</u> | <u>–</u> | <u>685</u> |
| At 30 June 2022 and 1 July 2022 | 685 | – | 685 |
| Additional provision made during the year | 185 | 2,323 | 2,508 |
| Utilised during the year | (209) | – | (209) |
| | <u>661</u> | <u>2,323</u> | <u>2,984</u> |
| As at 30 June 2023 | 661 | 2,323 | 2,984 |

Provision for defect liabilities is recognised for expected claim on defective works for completed construction projects, based on the Group's expectation and past experience of the level of repair works.

Provision for onerous contracts relates to unavoidable costs of meeting the obligation under the construction contracts with customers, which exceeds the economic benefits expected to be received under the contracts.

18. ISSUED CAPITAL

| | 2023 <i>HKD'000</i> | 2022 <i>HKD'000</i> |
|---|-------------------------------|------------------------|
| Authorised: | | |
| 15,000,000,000 (2022: 15,000,000,000) ordinary share of HKD0.01 each | <u>150,000</u> | <u>150,000</u> |
| | 2023 <i>SGD'000</i> | 2022 <i>SGD'000</i> |
| Issued and fully paid: | | |
| 800,000,000 (2022: 800,000,000) ordinary share of HKD0.01 each | <u>1,389</u> | <u>1,389</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group acts as a main contractor in the provision of building construction works in Singapore, including new construction and alteration and addition (“A&A”) works, with more than 36 years of experience in building construction works for various types of buildings which include (i) institutional buildings (such as education institutions, hospitals, and nursing homes); (ii) commercial buildings (such as office buildings and restaurants); and (iii) industrial and residential buildings. The Group is known for quality of work, especially in building construction works for the public sector.

As at 30 June 2023, the Group had 6 (2022: 4) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD482.8 million (2022: approximately SGD214.2 million).

OUTLOOK

According to the Singapore’s Ministry of Trade and Industry’s (the “MTI”) announcement on 11 August 2023, Singapore economy grew by 0.5 per cent on a year-on-year basis in the second quarter of 2023, extending the 0.4 per cent growth in the previous quarter. On a quarter-on-quarter seasonally adjusted basis, the economy expanded marginally by 0.1 per cent, a reversal from the 0.4 per cent contraction in the first quarter of 2023. Growth in the construction sector came in at 6.8 per cent year-on-year, similar to the 6.9 per cent recorded in the preceding quarter. Both public and private sector construction output rose during the quarter. On a quarter-on-quarter seasonally adjusted bases, the sector grew by 2.7 per cent, improving from 0.3 per cent growth in the first quarter.

The MTI’s assessment is that Singapore’s external demand outlook for the rest of the year remains weak. Apart from the expected slowdown in Singapore’s key demand markets, the global electronics downturn is also likely to be protracted, with a gradual recovery expected towards the end of the year at the earliest. At the same time, downside risks in the global economy remain. First, more persistent-than-expected inflation in the advanced economies could induce tighter global financial conditions, which could then lead to a sharper retraction in global spending and exacerbate the ongoing manufacturing downturn. Second, escalations in the war in Ukraine and geopolitical tensions among major global powers could lead to renewed supply disruptions, dampen consumer and business confidence, as well as weigh on global trade. The MTI has narrowed the GDP growth forecast for 2023 to “0.5 to 1.5 per cent”, from “0.5 to 2.5 per cent”.

The Building and Construction Authority (“BCA”) announced on 12 January 2023 that the projected total value of construction contracts awarded in 2023 will be between SGD27 billion and SGD32 billion, similar to last year’s projection. The public sector is expected to contribute about 60 per cent of the total construction demand, between SGD16 billion and SGD19 billion. This is supported by a continued strong pipeline of public housing projects amid Housing Development Board’s (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

The Group expects that challenges will remain prevalent largely due to the competitive landscape, increased manpower and construction costs. However, the Group expects the construction industry to regain momentum in the medium to long term.

Notwithstanding recent signs of an easing in global supply disruptions, the supply-chain disruptions are likely to persist for the rest of the year as underlying factors such as the Russia-Ukraine conflict and trade protectionism continue to exist.

The Group will continue to monitor the development of the COVID-19 pandemic, tightening monetary policy and assess its impact on its operations. Notwithstanding, the Group will have sufficient liquidity to enable the Company to meet its obligations and continue its business for the next 12 months from the end of the reporting period.

The Group's focus as a building contractor will remain unchanged – To be a leading main contractor in both public and private sector projects. The Group will exercise cautious optimism as it moves forward to position itself as a strong and resilient company. The Group will continue to pursue the following business strategies:

- (a) expand the Group's business and strengthen the Group's market position in the construction industry in Singapore;
- (b) upgrade and replace existing machinery and equipment to enhance the Group's productivity and quality;
- (c) adopt digital solutions to strengthen the Group's technical capability and productivity; and
- (d) enhance and expand the Group's workforce to keep up with the Group's business expansion.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 June 2023 was approximately SGD111.4 million, representing an increase of approximately SGD33.6 million or approximately 43.2% as compared to that of approximately SGD77.8 million for the year ended 30 June 2022. The increase in revenue was mainly driven by the resumption of more construction activities as compared to those of the previous financial year.

Cost of sales

Cost of sales for the year ended 30 June 2023 was approximately SGD102.8 million, representing an increase of approximately SGD28.8 million or approximately 38.9%, from approximately SGD74.0 million for the year ended 30 June 2022. The increase was mainly driven by more construction activities which is in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit increased by approximately SGD4.8 million from approximately SGD3.8 million for the year ended 30 June 2022 to approximately SGD8.6 million for the year ended 30 June 2023, and the gross profit margin increased to approximately 7.7% for the year ended 30 June 2023 from the gross profit margin of approximately 4.9% for the year ended 30 June 2022. The increase in gross profit and gross profit margin was mainly due to the resumption of construction works in this financial year which resulted in improvement of the gross profit margin.

Other income and gain

Other income and gain decreased by approximately SGD1.3 million from approximately SGD2.6 million for the year ended 30 June 2022 to approximately SGD1.3 million for the year ended 30 June 2023. The decrease was primarily due to less government grants received from the Singapore Government to help businesses during the difficult times caused by the COVID-19 pandemic as a result of the lifting of restriction of activities as compared to previous financial year.

Finance costs

The Group's finance costs decreased by approximately SGD46,000 from approximately SGD181,000 for the year ended 30 June 2022 to approximately SGD135,000 for the year ended 30 June 2023. The decrease was mainly due to lower average borrowings during the year ended 30 June 2023.

Income tax expense

The Group's income tax expense incurred is approximately SGD65,000 for the year ended 30 June 2023 (2022: approximately SGD9,000). The increase was mainly due to an under provision for income tax expenses in the previous year of assessment.

Profit/(loss) for the year

As a result of the above factors, the Group recorded a net profit of approximately SGD2.3 million for the year ended 30 June 2023 as compared to a loss of approximately SGD0.4 million for the year ended 30 June 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The capital of the Group comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group's cash and cash equivalents balances as at 30 June 2023 amounted to approximately SGD22.9 million (2022: approximately SGD13.9 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 30 June 2023, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of approximately SGD3.4 million (2022: approximately SGD4.9 million).

The Group recorded total current assets of approximately SGD65.6 million as at 30 June 2023 (2022: approximately SGD50.4 million) and total current liabilities of approximately SGD45.6 million as at 30 June 2023 (2022: approximately SGD33.5 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.4 as at 30 June 2023 (2022: approximately 1.5).

The Group's total equity attributable to owners of the Company remained stable at approximately SGD37.4 million as at 30 June 2023 (2022: approximately SGD35.0 million).

The Group's operations are financed principally by cash generated from its business operations, bank facilities and net proceeds from the global offer to the public for subscription of its new shares and undertaking of an international placing of its new shares in connection with its listing (the "**Listing**") on 8 January 2020 (the "**Listing Date**") (collectively, the "**Global Offering**").

GEARING RATIO

As at 30 June 2023, the Group's gearing ratio which was calculated by dividing the total debts (being sum of borrowings and lease liabilities) by total equity was approximately 9.1% (2022: approximately 14.0%).

CONTINGENT LIABILITIES

As at 30 June 2023 and 30 June 2022, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 30 June 2023, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 30 June 2023.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had no capital commitment (2022: Nil).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Most of the Group's transactions, monetary assets and liabilities are denominated in Singapore dollars.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered insignificant. Nevertheless, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

PROSPECTS

The Singapore Government adjusted the Disease Outbreak Response System Condition (DORSCON) level from Yellow to Green on 13 February 2023. The business operations in Singapore have normalised with the reopening of the economy.

The BCA announced on 12 January 2023 that the projected total value of construction contracts awarded in 2023 will be between SGD27 billion and SGD32 billion, similar to last year's projection. The public sector is expected to contribute between SGD16 billion and SGD19 billion. Private sector construction demand is projected to be between SGD11 billion and SGD13 billion in 2023, comparable with 2022 figures.

Global growth is expected to fall. Likewise, Singapore's economic growth momentum is expected to continue to moderate. According to Singapore's MTI Median GDP forecast for 2023 is expected to around 1.4%.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 419 employees (2022: 354 employees). Total staff costs for the year ended 30 June 2023 amounted to approximately SGD12.8 million (2022: approximately SGD12.2 million). Salaries and benefits of the Group's employees have been kept at a market level and employees are rewarded on a performance-related basis. Remuneration package is reviewed annually. Staff benefits included contribution to mandatory contribution fund, allowance and performance-based bonus.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event after the year ended 30 June 2023 and up to the date of this announcement.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 3 to the consolidated financial statements.

CHARGES ON GROUP ASSETS

The bank facilities as at 30 June 2023 was secured against the leasehold building with net carrying amount of approximately SGD11.2 million (2022: approximately SGD11.6 million) and pledged time deposits of approximately SGD3.0 million (2022: approximately SGD4.0 million).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 24 December 2019 (the “**Prospectus**”) with the Group’s actual business progress from the Listing Date up to 30 June 2023 is set out below:

| Business strategies as stated in the Prospectus | Business objectives up to 30 June 2023 as stated in the Prospectus | Actual business progress up to 30 June 2023 |
|--|---|---|
| Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance the productivity and quality | To acquire equipment, machinery and motor vehicle | The Group has utilised approximately HKD24.7 million to acquire gantry crane, turnstiles & containers, scissors lift and boom lift equipment, motor vehicles and other construction equipment and machinery. |
| Strengthen the Group’s financial capabilities to undertake new construction and A&A projects of larger contract value | Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency | The Group has utilised approximately HKD20.9 million for the new residential building construction project granted by the Singapore Government Agency. |
| Strengthen the technical capability and productivity through investment in new construction technology | To hire new staff with Building Information Modelling (“ BIM ”) and Virtual Design and Construction (“ VDC ”) experience To hire new staff who includes design engineers and Prefabricated Prefinished Volumetric Construction (“ PPVC ”) consultants | The Group has utilised approximately HKD13.6 million to hire skilled workforce and invest in operational digitalisation technologies. The Group will continue to evaluate and implement new technologies to digitalise processes and improve overall productivity and efficiency for future growth. |
| | Upgrade BIM version | |
| | Recurring costs for the BIM and other relevant software | |

| Business strategies as stated in the Prospectus | Business objectives up to 30 June 2023 as stated in the Prospectus | Actual business progress up to 30 June 2023 |
|--|---|--|
| | Construct a precast production site close to the Group’s headquarters in the Tuas area in Singapore | The Group has utilised approximately HKD21.6 million to obtain temporary licenses for the use of state land for precast production, to construct and operate a temporary dormitory which also allows the storage of materials including finished precast components. |
| Enhance and expand the workforce to cope with the business expansion | To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors | The Group has utilised approximately HKD7.6 million to enhance and support the workforce. |

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing amounted to HKD88.4 million (equivalent to approximately SGD15.5 million) after the deduction of related underwriting commission and expenses in connection with the Global Offering incurred by the Company for the Listing (the “**Net Proceeds**”).

With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and the estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HKD0.70 per share, being the mid-point of the then indicative offer price range of HKD0.65 to HKD0.75 per share, net of the estimated Listing expenses), the Group has revised the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

The following table sets out the breakdown of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and remaining amount of the Net Proceeds from the Listing Date up to 30 June 2023:

| | Planned use of Net Proceeds from Listing Date to 30 June 2023 | Actual use of Net Proceeds from Listing Date to 30 June 2022 | Amount utilised during the year ended 30 June 2023 | Actual use of Net Proceeds from Listing Date to 30 June 2023 | Unutilised Balance of Net Proceeds from Listing Date to 30 June 2023 |
|---|--|---|---|---|---|
| | <i>Approximately HKD'million</i> | <i>Approximately HKD'million</i> | <i>Approximately HKD'million</i> | <i>Approximately HKD'million</i> | <i>Approximately HKD'million</i> |
| Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment | 24.7 | 24.7 | – | 24.7 | – |
| Initial capital required for larger project | 20.9 | 20.9 | – | 20.9 | – |
| Recruit new staff and strengthen technical capability through investment in new construction technology (BIM, VDC and PPVC) | 35.2 | 27.2 | 8.0 | 35.2 | – |
| Enhance and expand workforce to cope with business expansion | 7.6 | 7.6 | – | 7.6 | – |
| Total | 88.4 | 80.4 | 8.0 | 88.4 | – |

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Except for the deviation from code provision C.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code during the year ended 30 June 2023 and up to the date of this announcement.

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan is the Chairman and the Chief Executive Officer. In view of the fact that Mr. Kwan is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Major operating decisions are usually discussed with executive Directors and senior management. All significant decisions made during the year ended 30 June 2023 have been consulted and communicated with Board members and respective committees. Chief executives and senior management are invited to attend Board meetings from time to time to make presentations and answer the Board's enquiries.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors confirmed that they had fully complied with the required standards set out in the Model Code and there is no event of non-compliance during the year ended 30 June 2023 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 17 December 2019. The chairman of the Audit Committee is Mr. Fong Heng Boo, an independent non-executive Director, and other members who include Mr. Lim Ah Lay, the non-executive Director, Dr. Wu Dongqing and Mr. Chou Sean Yu, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, review of the work of the internal auditor, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 30 June 2023, the Audit Committee held four meetings to review and comment on the Company's 2022 first quarter results, 2022 annual results, 2022 interim results and 2023 third quarter results, as well as the Company's internal control procedure and risk management systems.

The Group's consolidated financial statements for the year ended 30 June 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 30 June 2023 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG LLP

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young LLP, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2023. The work performed by Ernst & Young LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young LLP on the preliminary announcement.

APPRECIATION

Mr. Kwan Mei Kam, the chairman of the Board, would like to express his sincerest gratitude to the shareholders, customers, suppliers and subcontractors for the continuous support. He would also like to extend his warmest thanks to all the management and staff members of the Group for the hard work and dedication throughout the year.

By order of the Board
Kwan Yong Holdings Limited
Kwan Mei Kam
Chairman and Executive Director

Singapore, 28 September 2023

As at the date of this announcement, the Board comprises Mr. Kwan Mei Kam, Ms. Tay Yen Hua, Mr. Jacob Wong San Ta and Ms. Kwan Shu Ming as executive Directors; Mr. Lim Ah Lay as non-executive Director; and Mr. Fong Heng Boo, Dr. Wu Dongqing and Mr. Chou Sean Yu as independent non-executive Directors.