Chuan Holdings Limited

川控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Chuan Holdings Limited (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**" or "**Reporting Year**" or "**2023**").

OVERALL PERFORMANCE

With more than two decades of experience as a highly-regarded key earthworks contractor in Singapore, the Group has demonstrated an unwavering dedication to upholding its enviable reputation through its continuing provision of timely, reliable and high-quality services and its strict adherence to safety and regulatory mandates.

During the Reporting Year, global economic growth was hampered by the implementation of restrictive monetary policies, dwindling support from previous fiscal stimulus measures, and increasing tensions across various regions. Despite these adverse conditions, Singapore witnessed a notable resurgence in both the commercial and non-residential construction sectors, effectively boosting construction endeavours.

* *For identification purposes only*

The Group's proactive approach to bidding for more large-scale infrastructure projects and maximising operational efficiencies has proven successful, as demonstrated by its strong financial performance during the Reporting Year amid opportunities presented by the resumption of construction activity. The Group has implemented strategies to enhance its competitiveness in Singapore's growing construction industry, including competitive bid pricing, reduced reliance on subcontractors, maximised use of skilled in-house resources, the application of "lessons learned" exercises after every project, and the utilisation of insights gained to develop effective pricing strategies for future bids. Additionally, the Group has strengthened its client relationships by taking a collaborative approach to those connections. As a result, the Group generated revenue of approximately S$120.8 million during the Reporting Year, a notable increase of approximately 36.4% on the previous year. The surge of activity in the general construction works segment played a significant role in this substantial revenue growth, with revenue from the segment leaping more than fourfold to approximately S$36.4 million during the Reporting Year from around S$8.4 million as at 31 December 2022.

To address rising labour and materials costs, the Group implemented rigorous cost control measures, including boosting productivity, digitalising operations, utilising prefabrication, and upskilling its workers, thereby reducing its reliance on the size of its labour force. Through the implementation of these measures – in addition to the higher contribution from the general construction works segment, which yielded a higher margin – the Group achieved a gross profit of around S$8.6 million and a net profit attributable to owners of the Company of approximately S$3.2 million, representing a surge of 38.6% and 88.3% respectively, compared to the previous year. The Group's gross profit margin rose to approximately 7.1% from 7.0% for the previous year, and its net profit margin increased to 2.7% from 1.9% a year earlier.

Building upon its established reputation and professional expertise in the industry, the Group secured a total of 24 projects across the public infrastructure, residential and industrial sectors during the Reporting Year. The Group's elevation to A2-grade contractor status for civil engineering and general building in the Singapore's Building and Construction Authority ("**BCA**")'s Contractors Registry System in 2021 has strategically positioned it to secure lucrative mega-projects with higher profitability. Notable projects included the design and construction of noise barriers, awarded by the Singapore's Land Transport Authority ("**LTA**"), and Toh Payoh West infrastructure works, awarded by the Singapore's Housing and Development Board ("**HDB**"). These accomplishments present new opportunities for the Group to undertake prestigious ventures with increased profitability.

The Group has made significant progress in its commitment to long-term sustainable development by focusing on improved productivity at its construction sites. A prime example of this effort is its incorporation of design for manufacture and assembly ("**DfMA**") technologies, which involves the off-site pre-casting of concrete and structural steel members. Through the integration of such technologies into project planning and execution, the Group seeks to streamline construction workflows, reduce onsite labour requirements, shorten construction schedules, and improve overall project efficiency. The Group's dedication to enhancing the skillsets of its employees through comprehensive training and skills enhancement programmes is also vital to its success. In order to maintain its competitiveness and adaptability, the Group intends to revise its approach to tender pricing. It will simultaneously leverage prefabrication and modular construction, increase investment in advanced machinery and equipment such as automated noise barrier installers, and enhance the implementation of Building Information Modelling to improve planning, coordination and communication among project teams.

Given the optimistic outlook for Singapore's construction sector, the Group has initiated a venture into property redevelopment to strengthen its market position and reduce operational vulnerabilities. With its competent project management and bidding team, and its abundant resources, the Group is well-positioned to engage in mega-infrastructure project tenders, with the ultimate goal of reinforcing its market leadership and fostering its sustainable growth in the industry.

INDUSTRY REVIEW

In 2023, the global economy demonstrated a certain degree of resilience amid restrictive monetary policies implemented by major central banks around the world. Yet the cumulative impact of interest rate hikes, diminishing support from previous fiscal stimulus initiatives, and the shaky, patchy expansion of China's real gross domestic product disrupted overall global growth momentum. The International Monetary Fund ("**IMF**") reported that global growth stood at 3.1% in 2023, significantly lower than the pre-pandemic 20-year annual average of 3.8%. In this challenging global economic environment, Singapore's economy grew 1.1% in 2023 as manufacturing activity shrank, according to data released by the Ministry of Trade and Industry of Singapore.

The construction industry sustained its growth momentum in 2023, due mainly to pent-up market demand from previous years being unleashed, which boosted construction productivity, leading to steady output growth in both the public and private construction segments. Preliminary construction demand for 2023 amounted to S$33.8 billion, surpassing BCA's initial forecast of S$27 billion to S$32 billion at the beginning of the year. That robust demand was attributable to an uptrend in tender prices, an acceleration of construction contracts for various private residential projects, and a ramping up of public housing initiatives by the HDB.

To foster sustainable economic growth, Singapore's government has been actively expediting numerous mega-infrastructure projects, including the first and second phases of the Cross Island Mass Rapid Transit ("**MRT**") Line project, the development of institutional buildings, the HDB's build-to-order developments, the 600MW Keppel Sakra Cogeneration Plant, the GSK Tuas vaccine facility expansion, the DSV Pearl warehouse facility, the Changi airframe maintenance, repair and overhaul facility, and The Landmark condominium complex. These initiatives have played an important role in fostering the continued development of the construction sector, and have contributed to employment growth in the country, resulting in a resilient performance in Singapore's labour market during the Reporting Year.

According to the Organisation for Economic Co-operation and Development, Singapore maintained its impressive ranking as the fourth-highest country by employment rate in 2023. Steady growth in employment occurred mainly among non-resident individuals, with the construction sector taking the lead as a generator of employment amid ongoing demand for both private and public sector projects.

Despite the industry's gradual recovery, persistent obstacles – such as a shortage of dormitory spaces for migrant workers, challenges associated with recruiting specialised talents, and elevated material prices – continue to impede its progress. Notably, the forthcoming implementation of measures including Off-site Levy Scheme, the reduction of the construction sector Dependency Ratio Ceiling to 1:5, and the dismantling of the Man-Year Entitlement framework, which commenced on 1 January 2024, are expected to have considerable influence on the functioning of the industry.

Singapore's government is steadfast in its commitment to enhancing work productivity at construction sites by embracing innovative technologies and the smart utilisation of the Internet of Things and artificial intelligence, which involves consistent upgrades to DfMA technologies. Coupled with the increased adoption of environmental-friendly and sustainable building designs, and amid ongoing rapid urbanisation, the construction industry is steadily recovering, transitioning to a post-pandemic "new normal". Furthermore, the mega-infrastructure projects, including two interchange stations under the Cross Island Line awarded by the LTA and the extension of Resorts World Sentosa, will continue to strengthen demand for construction in the country.

In the midst of this sector rebound, the Group has, as always, taken a prudent and pragmatic approach to business and to navigating the ever-changing economic and policy landscape, demonstrating resilience and flexibility to maintain its continued success in the industry.

Revenue by Segment

Earthworks and Ancillary Services

During the Reporting Year, the earthworks and ancillary services segment remained the Group's primary revenue generator, accounting for approximately 69.9% of its total revenue, or approximately S$84.4 million. This was a 5.3% increase from the figure of approximately S$80.2 million during the financial year ended 31 December 2022. The growth in revenue can be attributed to the rebound in construction activity, a higher proportion of completions of government agency projects, and the Group's strategic emphasis on securing lucrative mega-construction projects.

As of 31 December 2023, the Group was engaged in a total of 74 ongoing earthworks and ancillary services projects. During the Reporting Year, it successfully secured 18 new projects in this segment with a total combined contract value of approximately S$165.8 million. The Group's strategic tendering approach and ability to adapt to market trends played a key role in securing these significant and more profitable public infrastructure projects.

General Construction Works

The Group's unwavering commitment to capitalising on emerging opportunities in the industrial and commercial property markets, coupled with the award and substantial completion of integrated resort projects in 2023, led to fruitful outcomes in the general construction works segment during the Reporting Year. Revenue in the segment spiked to approximately S$36.4 million, more than four times of the reported figure of approximately S$8.4 million as of 31 December 2022.

Throughout the Reporting Year, the Group was engaged in 11 ongoing general construction works projects. It secured six new general construction works projects in 2023 with a total combined contract value of approximately S$60.1 million. The Group's ability to seize opportunities in the industrial and commercial property markets, combined with its expertise and track record, enabled it to secure these projects and contributed to the significant revenue growth in this segment.

FINANCIAL REVIEW

Results for the Year

Revenue and Gross Profit

	2023			2022		
	Revenue recognised S$'000	**Gross profit S$'000**	**Gross profit margin**	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin
Earthworks and ancillary services	**84,436**	**3,841**	**4.5%**	80,179	5,691	7.1%
General construction works	**36,396**	**4,751**	**13.1%**	8,426	507	6.0%
Total	**120,832**	**8,592**	**7.1%**	88,605	6,198	7.0%

The total revenue of the Group for the year ended 31 December 2023 amounted to approximately S$120.8 million, representing a surge of approximately S$32.2 million or 36.4% as compared to the year ended 31 December 2022. The predominant factor contributing to the increase was the continuous revival of construction activities in Singapore. This was further augmented by the Group's proactive tendering approach and dedicated efforts to enhance operational efficiency. Thanks to the Group's proficient financial management and the higher contribution from the general construction works segment, the Group recorded a surge in gross profit of approximately 38.6 % to approximately S$8.6 million (31 December 2022: approximately S$6.2 million). Gross profit margin also increased to approximately 7.1% (31 December 2022: approximately 7.0%).

Earthworks and Ancillary Services

During the Year, earthworks and ancillary services segment remained the primary revenue generator for the Group, accounting for approximately 69.9% of its total revenue. By strategically securing lucrative construction projects and completing a higher proportion of government agency projects, the segmental revenue experienced a year-on-year increase of approximately 5.3% to approximately S$84.4 million (31 December 2022: approximately S$80.2 million). Nevertheless, the segmental gross profit amounted to approximately S$3.8 million (31 December 2022: approximately S$5.7 million), due to persistent labour shortage resulting in escalating labour expenses.

The Group successfully secured 18 new earthworks and ancillary services projects with a total contract value of approximately S$165.8 million during the Reporting Year, highlighting its prowess in securing more mega-infrastructure projects with higher profitability. The Group had a total of 74 ongoing earthworks and ancillary services projects during the Reporting Year with an aggregate contract sum of approximately S$78.6 million.

General Construction Works

During the Reporting Year, the Group's steadfast dedication to seizing emerging opportunities in the industrial and commercial property markets, along with the substantial completion of 2 mega-projects in 2023, resulted in favourable outcomes in the general construction works segment. The revenue in this segment spiked to approximately S$36.4 million, surpassing the reported figure of approximately S$8.4 million as at 31 December 2022 by more than fourfold. Notably, the segmental gross profit witnessed a remarkable growth, expanding over eightfold to approximately S$4.8 million (31 December 2022: approximately S$507,000).

During the Reporting Year, the Group was deeply engaged in 11 general construction works projects. The Group secured 6 new general construction works projects in 2023 with a total combined contract value of approximately S$60.1 million.

Other Income and Gains

Other income and gains amounted to approximately S$4.0 million for the year ended 31 December 2023, representing an increase of approximately S$1.4 million, as compared to the year ended 31 December 2022. Such increase was primarily attributed to the gain on settlement of financial assets at fair value through profit or loss ("**FVTPL**") and gains on disposal of property, plant and equipment during the Reporting Year.

Administrative and Other Operating Expenses

During the Reporting Year, administrative and other operating expenses increased by approximately 8.8% to approximately S$7.0 million (31 December 2022: approximately S$6.4 million). The increase was mainly driven by the increment in employee expenses and compensation packages, which was aligned with the Group's improved performance, and the upward trend in labour costs within the country.

Finance Costs

For the year ended 31 December 2023, finance costs increased by approximately 11.3% to approximately S$237,000 (31 December 2022: approximately S$213,000), primarily due to an increase in interest on lease liabilities, despite a reduction in interest on bank borrowing wholly repayable within five years.

Share of Results/(Loss) of Associates

The Group's share of loss of associates amounted to approximately S$640,000 during the Reporting Year (31 December 2022: share of results of associates of approximately S$585,000), mainly due to the interest rates of the bank loan obtained for the Group's property redevelopment project had increased significantly in light of prevailing market conditions, and its elevated construction costs, including labour and material costs.

Income Tax Expense

For the year ended 31 December 2023, income tax expense amounted to approximately S$1.3 million, while that of approximately S$713,000 was recorded for the year ended 31 December 2022.

Net Profit attributable to Owners of the Company and Net Profit Margin

The confluence of the aforementioned factors resulted in a net profit attributable to owners of the Company of approximately S$3.2 million during the Reporting Year, marking a substantial rise of approximately 88.3% from approximately S$1.7 million for the year ended 31 December 2022. Net profit margin was approximately 2.7% for the year ended 31 December 2023 (31 December 2022: approximately 1.9%).

Earnings per Share

For the year ended 31 December 2023, the basic earnings per share was S$0.31 cent, with the calculation based on the net profit attributable to owners of the Company for the Year and the weighted average number of 1,036,456,000 ordinary shares (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue during the Year.

For the year ended 31 December 2023, the diluted earnings per share was S$0.29 cent, with the calculation based on net profit attributable to owners of the Company for the Year and the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000.

For the year ended 31 December 2022, the basic earnings per share was S$0.17 cent, with the calculation based on net profit attributable to owners of the Company for the year ended 31 December 2022 of approximately S$1.7 million and the weighted average number of 1,036,456,000 Shares in issue during the year ended 31 December 2022.

For the year ended 31 December 2022, the diluted earnings per share was S$0.15 cent, with the calculation based on net profit attributable to owners of the Company for the year ended 31 December 2022 of approximately S$1.7 million and the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000.

Liquidity, Financial Resources and Gearing Ratio

Liquidity

During the Reporting Year, the Group maintained a strong and robust financial position, supported primarily by internally generated funds and bank borrowings. As at 31 December 2023, the Group had cash and cash equivalents of approximately S$30.1 million (31 December 2022: approximately S$23.4 million). The year-on-year increase was mainly attributable to the Group's proficient implementation of effective financial management strategies.

To uphold its sound and healthy financial position, the Group remains vigilant to monitor its cash and cash equivalents level, ensuring that it is adequate to support the Group's operations and mitigate the impact of unexpected fluctuations in cash flows.

Cash Flows Analysis

The table below summaries the Group's cash flows for the years ended 31 December 2023 and 2022:

	2023	2022
	S$'000	S$'000
Net cash flows generated from operating activities	**22,470**	1,151
Net cash flows used in investing activities	**(11,034)**	(3,294)
Net cash flows used in financing activities	**(4,645)**	(5,921)

Operating Activities

For the year ended 31 December 2023, the Group generated net cash inflow from operating activities of approximately S$22.5 million (31 December 2022: approximately S$1.2 million). The approximate S$13.0 million difference between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to (i) the decrease in contract assets amounted to approximately S$750,000; (ii) the decrease in trade receivables amounted to approximately S$5.7 million; (iii) the decrease in deposits, prepayments and other receivables of approximately S$1.4 million; (iv) the increase in contract liabilities of approximately S$1.8 million; (v) the increase in trade payables of approximately S$1.1 million; (vi) the increase in other payables, accruals and deposits received of approximately S$2.7 million; and (vii) income tax paid of approximately S$525,000.

Investing Activities

For the year ended 31 December 2023, the net cash flows used in investing activities was approximately S$11.0 million (31 December 2022: approximately S$3.3 million), mainly attributable to (i) the investment in associates of approximately S$7.7 million; (ii) the purchase of property, plant and equipment of approximately S$6.4 million; (iii) the purchase of financial assets at FVTPL of approximately S$1.2 million; (iv) the proceeds from settlement of financial assets at FVTPL and financial assets at fair value through other comprehensive income of approximately S$2.4 million and S$886,000 respectively; (v) the proceeds from disposals of property, plant and equipment of approximately S$724,000; and (vi) interest and dividend received of approximately S$176,000.

Financing Activities

For the year ended 31 December 2023, the net cash flows used in financing activities was approximately S$4.6 million (31 December 2022: approximately S$5.9 million), which was principally attributable to (i) the repayment of principal portion of the lease liabilities of approximately S$3.2 million; (ii) the repayment of borrowings of approximately S$1.3 million; (iii) the repayment of interest portion of the lease liabilities amounted to approximately S$188,000; and (iv) the interest on borrowings of approximately S$49,000 paid.

Borrowing and Gearing Ratio

As at 31 December 2023, the Group had an aggregate of current and non-current bank borrowings and lease liabilities of approximately S$8.7 million, an increase from approximately S$7.2 million as at 31 December 2022. As at 31 December 2023, the Group's gearing ratio was approximately 0.09 times (31 December 2022: approximately 0.08 times). Gearing ratio was calculated by dividing total borrowings (borrowings and lease liabilities) by total equity as at the end of the respective year.

Cash and Cash Equivalents

As at 31 December 2023, the Group had cash and cash equivalents of approximately S$30.1 million (31 December 2022: approximately S$23.4 million). The Group had cash and cash balances of approximately S$31.4 million but the amount was reduced by pledge for the guarantee arrangement and issuance of performance bonds, along with the banking facilities including letter of credit, overdraft and banking guarantee of approximately S$13.1 million.

Foreign Exchange Exposure

The Group primarily conducts its operations in Singapore, with the majority of transactions being in Singapore Dollars.

The Group has no substantial foreign exchange risk due to limited foreign currency transactions other than the functional currency of respective entities. The Group would conduct regular assessments and closely monitor this risk exposure in a timely manner.

Charges on Group's Assets

As at 31 December 2023, the Group's banking facilities were secured by the pledge of the Group's deposits of approximately S$1.3 million (31 December 2022: approximately S$1.3 million), while the Group's lease liabilities were secured by the charge over the leased assets of net book value of approximately S$10.8 million (31 December 2022: approximately S$5.1 million).

Contingent Liabilities

As at 31 December 2023, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business in the amount of approximately S$7.2 million as compared to approximately S$4.0 million for the year ended 31 December 2022. The guarantees in respect of performance bonds issued by banks were secured by pledged deposits.

Capital Expenditure and Capital Commitments

For the year ended 31 December 2023, the Group invested approximately S$12.3 million (31 December 2022: approximately S$1.4 million) in the purchase of property, plant and equipment, which was mainly funded by finance lease liabilities and working capital.

As at 31 December 2023, the Group's capital commitments in respect of acquisition of property, plant and equipment amounted to approximately S$1.8 million (31 December 2022: approximately S$1.4 million).

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures and Disclosable Transactions

Very Substantial Acquisition and Connected Transaction in relation to Acquisition of Entire Equity Interest in Hulett Construction and Sale Loans

On 14 February 2024, Mr. Lim Kui Teng ("**Mr. Lim**"), an executive Director, Ms. Yee Say Lee ("**Ms. Yee**"), spouse of Mr. Lim, Chuan Lim Construction Pte. Ltd. ("**Chuan Lim**"), a company incorporated in Singapore with limited liability which is an indirect wholly-owned operating subsidiary of the Company, and Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**"), a company incorporated in Singapore with limited liability which is owned as to 65% by Mr. Lim and 35% by Ms. Yee, entered into the agreement dated 14 February 2024 (the "**Agreement**"), pursuant to which Mr. Lim and Ms. Yee have conditionally agreed to sell, and Chuan Lim has conditionally agreed to purchase, 1,000,000 ordinary shares of S$1.00 each in the share capital of Hulett Construction (the "**Sale Shares**"), representing the entire equity interest in Hulett Construction, together with the sale loans (the "**Sale Loans**") due and owing by Hulett Construction to Mr. Lim as the director of Hulett Construction in the sum of S$4,000,000 at the total consideration of S$46,700,000, which shall be settled (i) as to S$8,000,000 by the issue of the promissory note (the "**Promissory Note**") in the principal amount of S$8,000,000 to be issued by Chuan Lim to Mr. Lim; and (ii) as to S$38,700,000 in cash (the "**Acquisition**").

The principal activity of Hulett Construction is investment holding and its only significant asset is the piece of leasehold industrial land held under Private Lots Nos.A2163000 and A2163001, also known as Government Survey Lot No.1808L Mukim 13, and situated at 20 Senoko Drive, Singapore 758207 with a land area of approximately 92,987 sq. ft., together with the 9-storey single-user general industrial factory development (the "**Building**") comprising warehouse, workshop, production space, ancillary office, temporary secondary workers dormitory, parking lots for heavy vehicles, temporary ancillary staff canteen and other utilities with a total gross floor area of 232,467 sq. ft. erected thereon (the "**Property**"). Hulett Construction has let parts of the Property to the Group since the completion of redevelopment of the Property in or about April 2016. The ancillary office of the Building has been used as the Group's head office and the remaining portions thereof occupied by the Group have been used for the Group's operations, as well as workers dormitory and carparks for heavy vehicles.

The Board believes that the Acquisition will help solve the Group's issue in providing sufficient and suitable housing for its foreign workers without incurring exorbitant dormitories costs, enhance the Group's operational and management efficiency and cater for the business operations and future expansion needs of the Group. After the Acquisition, with the flexibility in management of the Property, the Group may from time to time review its business situation and consider whether to utilise the whole Building for its business operations and future expansion, which fits for the Group's strategic development to expand its production capacity and workforce so as to enable the Group to seize the business opportunities amid market rebound and to undertake more projects. Also, the leasing of the unoccupied portions of the Building to other tenant(s) can generate a stable source of income to the Group and broaden its revenue base, which in turn expands the Group's existing business and helps to diversify its operational risks. Furthermore, in light of the prevailing industrial property market conditions, it is expected that the consideration for acquisition or leasing of the Property or any other industrial property for the Group's use will only increase with time. In consideration of the abovementioned, and coupled with the fact that the Acquisition will reduce the rental expenses burden in relation to the use of any portions of the Building (as the case may be) and administrative costs incurred by the Group incidental to compliance with the applicable requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in the long run, it is believed that the Acquisition can bring long-term benefits to the Group.

For further details, please refer to the announcement of the Company dated 14 February 2024.

Discloseable Transaction in relation to Further Shareholder's Loan to the JV Company

On 7 May 2021, each of Longlands Holdings Limited ("**Longlands**"), a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Company, Mr. Tng Kay Lim ("**Mr. Tng**"), an independent third party, and Mr. Yang Tse Pin ("**Mr. Yang**"), an independent third party, entered into a shareholder's loan agreement with Chuan Investments Pte. Ltd. (the "**JV Company**"), a company incorporated in Singapore with limited liability which is owned as to one-third each by Longlands, Mr. Tng and Mr. Yang respectively, pursuant to which the balance of the capital contribution to the JV Company payable by each of Longlands, Mr. Tng and Mr. Yang shall be made by way of unsecured interest-free shareholder's loans in the amount of not more than S$16,900,000 for the purpose of financing the redevelopment project of Maxwell House, the 13-storey residential and commercial mixed-use building comprising 145 strata units located at 20 Maxwell Road, Singapore 069113 with a land area of 3,883.3 square metres (the "**Redevelopment Project**"). The amount of the contribution was determined based on the JV Company's portion (being 30%) of the cash contribution or commitment towards the capital needs for the Redevelopment Project (being an amount in the range of 20% to 27% of the total estimated capital needs for the Redevelopment Project). The unsecured interest-free shareholder's loans are repayable on demand.

The principal activity of the JV Company is investment holding, where the JV Company owns 30% equity interest in two joint venture companies established for the Redevelopment Project, namely Maxwell Commercial Pte. Ltd. and Maxwell Residential Pte. Ltd., each of which is a company incorporated in Singapore with limited liability and is owned as to 30% by the JV Company, 40% by CEL Development Pte. Ltd. and 40% by SingHaiyi Investments Pte. Ltd., respectively.

In order to finance the JV Company's portion (being 30%) of the cash contribution or commitment towards the further capital needs for the Redevelopment Project, on the respective dates of 3 January 2024 and 12 March 2024, Longlands and the JV Company entered into (i) a further shareholder's loan agreement (the "**First Further Shareholder's Loan Agreement**") dated 3 January 2024, pursuant to which Longlands provided to the JV Company a first further shareholder's loan (the "**First Further Shareholder's Loan**") in the amount of S$500,000 on 3 January 2024; and (ii) a second further shareholder's loan agreement (the "**Second Further Shareholder's Loan Agreement**") dated 12 March 2024, pursuant to which Longlands provided to the JV Company a second further shareholder's loan (the "**Second Further Shareholder's Loan**", together with the First Further Shareholder's Loan, the "**Further Shareholder's Loans**") in the amount of S$2,500,000 on 18 March 2024, respectively. The Further Shareholder's Loans are unsecured, interest-free and repayable on demand.

Taking into account (i) the Company is optimistic about the future prospect of the Redevelopment Project, which is expected to generate attractive investment return; (ii) the Company is indirectly interested in the Redevelopment Project via the JV Company and the provision of the Further Shareholder's Loans will strengthen the Redevelopment Project's cash position to support the conduct of the redevelopment works and its operations; and (iii) both Mr. Tng and Mr. Yang have agreed to provide the first further shareholder's loan and second further shareholder's loan to the JV Company with terms identical to those of the First Further Shareholder's Loan Agreement and the Second Further Shareholder's Loan Agreement respectively, whereby the Group's contribution in the Further Shareholder's Loans to the JV Company remains in proportion to its equity interests in the JV Company, the Directors consider that the provision of the Further Shareholder's Loans is fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders (the "**Shareholders**") of the Company as a whole.

For further details, please refer to the announcement of the Company dated 12 March 2024.

Save as disclosed above, during the Reporting Year and up to the date of this announcement, there has been no material change on the current information in relation to the significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures and disclosable transactions from the information as disclosed in the annual report of the Group for the year ended 31 December 2022.

Connected Transactions

On 17 November 2023, the Company and Mr. Phang Yew Kiat ("**Mr. Phang**"), the chairman of the Board and an executive Director (who was then a non-executive Director) and a connected person of the Company for the purpose of the Listing Rules, entered into the subscription agreement dated 17 November 2023 (the "**Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and Mr. Phang conditionally agreed to subscribe for, 207,291,200 new Shares (the "**Subscription Shares**") at the subscription price (the "**Subscription Price**") of HK$0.074 per Subscription Share for a total consideration of HK$15,339,548.80 in cash (the "**Subscription**").

The Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the specific mandate (the "**Specific Mandate**") to allot and issue the Subscription Shares, were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 4 January 2024 (the "**2024 EGM**"). The completion (the "**Completion**") of the Subscription took place on 23 January 2024 in accordance with the terms and conditions of the Subscription Agreement. Upon the Completion, the Subscription Shares were allotted and issued by the Company to Mr. Phang, who became a substantial Shareholder.

The Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, and further strengthens the capital base of the Company by raising additional funds for the Group's business operations and strategic development. In light of the prevailing market conditions that the interest rate for debt financing has raised significantly, the Company considers that the Subscription represents a suitable financial option to support the Group's continuous development and business growth, as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

The net proceeds of the Subscription, after the deduction of the related fees and expenses, amounted to approximately HK$15,000,000.00, representing a net Subscription Price of approximately HK$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose in the following manner:

(a) HK$7,500,000.00 (i.e. 50% of the net proceeds) for strengthening the Group's working capital for tender for additional sizable projects;

(b) HK$3,600,000.00 (i.e. 24% of the net proceeds) for purchase of excavation machines and tipper trucks; and

(c) HK$3,900,000.00 (i.e. 26% of the net proceeds) for leasing or acquisition of industrial property for the Group's use.

Depending on actual business needs, it is estimated that the net proceeds of the Subscription will be fully utilised in accordance with its intended purposes within the next two years from the Completion.

For further details, please refer to the announcements of the Company dated 17 November 2023, 4 January 2024 and 23 January 2024 respectively and the circular of the Company dated 15 December 2023.

Apart from the Acquisition and the Subscription, during the Reporting Year and up to the date of this announcement, four continuing connected transactions were carried out by the Group pursuant to Chapter 14A of the Listing Rules. Details of the major connected transaction and continuing connected transactions are set out in the section headed "RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS" in the "Report of the Directors" of the annual report (the "**2023 Annual Report**") of the Group for the financial year ended 31 December 2023.

Off-balance Sheet Transactions

As of 31 December 2023, the Group did not enter into any material off-balance sheet transaction.

Quantitative and Qualitative Disclosure about Material Risk

Foreign Currency Risk

The Group conducted the majority of the transactions in Singapore Dollars, which served as its functional currency. The Group was principally exposed to foreign currency risk of Hong Kong Dollars and United States Dollars. The Group currently does not have a foreign currency hedging policy. The Group's management (the "**Management**") is responsible for monitoring foreign currency exposure and will consider hedging significant foreign currency exposure if deemed necessary.

Credit Risk

As at 31 December 2023, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and the financial guarantees provided by the Group was primarily attributable to trade and other receivables, contract assets, pledged deposits, cash and cash equivalents and the contingent liabilities in relation to guarantee issued by the Group.

The Group entered into trading transaction only with recognised and reputable third parties. Before accepting any new contract, evaluations were considered on the customer's past history of making payments when due and current ability to pay, and information specific to the customer as well as pertaining to the economic environment in which the customer operated were taken into account. Normally, the Group did not obtain collateral from customers.

The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Liquidity Risk

The Group monitored and maintained a level of cash and cash equivalents assessed as adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relied on the internally generated funding and borrowings as significant sources of liquidity. The Group also closely monitored the utilisation of borrowings and ensured compliance with loan covenants.

SHARES OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to the written resolutions of the Shareholders passed on 10 May 2016. The objective of the Share Option Scheme is to enable the Company to grant share options to employees and eligible participants as incentives or rewards to optimise their contribution to the Group, as well as to attract and retain talented individuals whose contributions are or will be beneficial to the Group's performance and expansion.

Details of the Share Option Scheme are disclosed in the "Report of the Directors" of the 2023 Annual Report and Note 32 to the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2023, the Group had 574 (31 December 2022: 534) employees, including foreign workers.

Total staff costs including the Directors' emoluments amounted to approximately S$25.4 million for the year ended 31 December 2023 (31 December 2022: approximately S$22.4 million).

Employees of the Group were remunerated according to their job duties and market trends. All employees were also entitled to discretionary bonus depending on their respective performance. The Group has also implemented the Share Option Scheme to acknowledge and incentivise the valuable contribution of the employees towards the Group's growth and advancement.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2023.

PROSPECT

The global economy is expected to continue growing at a steady pace in 2024, with the IMF projecting expansion of 3.1%. This will be fuelled by the recently stronger-than-anticipated economic performance of the United States and various Asian emerging markets. The Chinese government's planned implementation of new fiscal stimulus measures will also feed into this positive outlook. However, even though the global economic environment shows signs of improvement, uncertainties remain, such as potential commodity price increases triggered by geopolitical tensions and the challenges faced by China's property sector.

The Monetary Authority of Singapore expects the local economy to expand between 1.0% and 3.0% in 2024, and the construction industry will continue to play a vital role in the country's urban expansion and long-term economic growth. The BCA forecasts total construction demand by awarded contracts ranging from S$32 billion to S$38 billion in 2024. As the business environment in Singapore continues to stabilise, the government is prioritising progress on public housing initiatives. Other major projects due to be awarded this year include the HDB's new build-to-order developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5, Tuas Port development, major road enhancements, and drainage improvement works, bringing opportunities for the Group to grow further. The Group also sees abundant opportunities in the commercial property sector, particularly in the refurbishment of attractions and hotels. It is determined to pursue an increasing number of fresh opportunities to drive its long-term sustainable growth.

To strengthen its core business, the Group will step up its project bid efforts by allocating increased resources to tenders. Its A2-grade status as a civil engineering and general building contractor in the BCA's Contractors Registration System unlocks significant opportunities for the Group to secure construction projects with higher profitability and establish itself as a principal contractor for new large-scale industry initiatives. Capitalising on this advantageous position, the Group intends to strategically pursue suitable opportunities and bid for public projects with higher margins and contract values while maintaining and nurturing strong connections and relationships with its existing clients.

To maximise operational efficiencies, the Group will conduct thorough assessments of its business performance, focusing on areas such as project management, resource allocation and cost management. Embracing innovation and technological advances is a core component of the Group's expansion plans. Continuous investment in state-of-the-art solutions will improve efficiency, excellence and safety across the entire spectrum of business, ultimately driving profitability. The Group will adhere to DfMA principles, enhancing its technological capabilities by deploying such technologies as automated welding robot arms, self-propelled, track-mounted jib cranes and boom lifts, 360° helmet cameras for safety and site inspections, drones, and video analytics.

The future appears promising for the local construction industry, yet issues such as labour shortages and persistently high materials costs remain. To navigate these challenges, the Group will remain vigilant when it comes to monitoring market dynamics, adhere to prudent financial management practices, and implement effective risk mitigation strategies to sustain profitability and ensure long-term viability. Recognising the importance of talent as a fundamental core competency, the Group will prioritise continuous investment in talent development programmes and the cultivation of continuous learning and growth to retain exceptional talent and remain competitive in the market.

The Group has already taken steps to address issues related to accommodating its migrant labour, having proposed to acquire the entire equity interest in Hulett Construction to comply with stricter government requirements for migrant worker housing and to respond to a shortage of suitable dormitories and significantly increased dormitory costs amid an influx of foreign workers. The proposed acquisition, disclosed in the Company's announcement in February 2024, is expected to meet the Group's operational needs, with the capacity to accommodate additional workers and heavy vehicles, and align with the Group's strategic development plan to expand its production capacity and workforce. This will enable the Group to control dormitory costs, capture more business opportunities arising from the market rebound, generate recurring and stable rental income, and diversify its revenue streams in the long run.

Looking ahead, the construction industry in Singapore is set for a bright and sustainable future, thanks to the government's dedication to extensive infrastructure projects and the imminent renovation of two integrated resorts. The Group firmly believes that, with the management team's depth of expertise in corporate governance and strategic management, it will adeptly navigate the challenges posed by volatile economic conditions. Leveraging the skills of its project management and bidding teams, and its extensive workforce and resources, the Group is well-positioned to capitalise on current market conditions.

With a wealth of experience in Singapore's construction sector, the Group is committed to upholding its world-class business ethics and standards, ensuring the prompt completion and delivery of its projects. The Group remains dedicated to nimbly adjusting to new challenges and to the pursuit of maximising long-term returns to the Shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	**2023** **S$'000**	2022 S$'000
Revenue	*4*	**120,832**	88,605
Cost of sales		**(112,240)**	(82,407)
Gross profit		**8,592**	6,198
Other income and gains	*4*	**3,977**	2,598
Administrative and other operating expenses		**(6,990)**	(6,423)
Other expenses		**(145)**	(309)
Finance costs	*5*	**(237)**	(213)
Share of (loss)/results of associates		**(640)**	585
Profit before income tax	*6*	**4,557**	2,436
Income tax expense	*7*	**(1,312)**	(713)
Net profit attributable to owners of the Company		**3,245**	1,723
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**")			
– Fair value gains		**–**	470
Other comprehensive income, net of tax		**–**	470
Total comprehensive income for the year attributable to owners of the Company		**3,245**	2,193
Basic earnings per share (cents)	*9*	**0.31**	0.17
Diluted earnings per share (cents)	*9*	**0.29**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	**2023** **S$'000**	2022 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**16,820**	11,020
Investment property		**1,274**	1,286
Investment in associates		**16,928**	9,924
Other assets		**366**	365
Deposits, prepayments and other receivables		**520**	140
Financial assets at fair value through profit or loss ("**FVTPL**")		**8,499**	7,874
Financial assets at FVOCI		**557**	1,394
Financial assets at amortised cost		**250**	250
Deferred tax assets	*7*	**–**	228
Total non-current assets		**45,214**	32,481
Current assets			
Contract assets		**27,304**	28,020
Trade receivables	*10*	**16,069**	21,852
Deposits, prepayments and other receivables		**1,708**	3,460
Pledged deposits		**1,285**	1,281
Cash and cash equivalents		**30,105**	23,441
Total current assets		**76,471**	78,054
Total assets		**121,685**	110,535
Current liabilities			
Contract liabilities		**4,101**	2,295
Trade payables	*11*	**8,042**	6,893
Other payables, accruals and deposits received		**7,618**	4,878
Borrowings		**1,277**	1,252
Lease liabilities		**4,006**	2,820
Income tax payable		**1,031**	529
Total current liabilities		**26,075**	18,667

	Note	**2023** **S$'000**	2022 S$'000
Net current assets		**50,396**	59,387
Total assets less current liabilities		**95,610**	91,868
Non-current liabilities			
Other payables, accruals and deposits received		**11**	6
Borrowings		**540**	1,817
Lease liabilities		**2,915**	1,262
Deferred tax liabilities		**56**	–
Total non-current liabilities		**3,522**	3,085
Total liabilities		**29,597**	21,752
Net assets		**92,088**	88,783
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,767**	1,767
Share premium		**27,250**	27,250
Reserves		**63,071**	59,766
Total equity		**92,088**	88,783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share capital S$'000	Share premium S$'000	Merger reserve* S$'000	Share option reserve* S$'000	Fair value reserve* S$'000	Retained profits* S$'000	Total S$'000
At 1 January 2022	1,767	27,250	5,166	521	(618)	52,421	86,507
Profit for the year	–	–	–	–	–	1,723	1,723
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	–	–	–	–	470	–	470
Total comprehensive income for the year	–	–	–	–	470	1,723	2,193
Equity-settled share option arrangements	–	–	–	83	–	–	83
At 31 December 2022	1,767	27,250	5,166	604	(148)	54,144	88,783

* *These reserve accounts comprise the consolidated reserves of S$59,766,000 in the consolidated statement of financial position as at 31 December 2022.*

	Share capital S$'000	**Share premium S$'000**	**Merger reserve* S$'000**	**Share option reserve* S$'000**	**Fair value reserve* S$'000**	**Retained profits* S$'000**	**Total S$'000**
At 1 January 2023	**1,767**	**27,250**	**5,166**	**604**	**(148)**	**54,144**	**88,783**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**3,245**	**3,245**
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer of fair value reserve of equity instruments designated at FVOCI	**–**	**–**	**–**	**–**	**106**	**(106)**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**106**	**3,139**	**3,245**
Equity-settled share option arrangements	**–**	**–**	**–**	**60**	**–**	**–**	**60**
At 31 December 2023	**1,767**	**27,250**	**5,166**	**664**	**(42)**	**57,283**	**92,088**

* *These reserve accounts comprise the consolidated reserves of S$63,071,000 in the consolidated statement of financial position as at 31 December 2023.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL INFORMATION

Chuan Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business of the Company in Singapore is located at 20 Senoko Drive, Singapore 758207.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in the provision of general building and construction services in Singapore.

As at the date of this announcement, in the opinion of the directors (the "**Directors**") of the Company, the immediate holding company and the ultimate holding company of the Company is Brewster Global Holdings Limited, which is incorporated in British Virgin Islands.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") as issued by the International Accounting Standards Board and the disclosures requirement of the Hong Kong Companies Ordinance.

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

The consolidated financial statements are presented in Singapore Dollars ("**SGD**" or "**S$**"), which is the Company's functional currency and all values are rounded to the nearest thousand ("**SGD'000**" or "**S$'000**"), except where otherwise stated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;

- Rights arising from other contractual arrangements; and

- The Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same financial year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Standards issued but not yet effective

The Group has not adopted the following applicable standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1: *Classification of Liabilities as Current or Non-Current*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16: *Lease liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 7: *Supplier Finance Arrangement*	1 January 2024
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

3. OPERATING SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group determines its operating segments based on the reports reviewed by chief operating decision maker ("**CODM**") that are used to make strategic decisions. Consolidated financial statements reported to the CODM, based on the following segments:

a) Provision of earthworks and related services, mainly include excavation, earth disposal, demolition and various earthwork ancillary services (collectively referred as "**Earthworks and ancillary services**"); and

b) Provision of general construction works, mainly include construction of new buildings, alternation and addition works (collectively referred as "**General construction works**").

Segment revenue and results

Segment revenue below represents revenue from external customers. There was no inter-segment revenue during the years ended 31 December 2023 and 31 December 2022. Operating revenue, direct costs, gain on disposals of property, plant and equipment (including plant and machinery and motor vehicles), interest expenses on leases liabilities and provision for expected credit loss ("**ECL**") on trade receivables were allocated to different segments to assess corresponding performance.

The segment revenue and results, and the totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements are as follows:

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
2023			
Revenue from external customers	**84,436**	**36,396**	**120,832**
Reconciliation:			
Reportable segment results	**4,192**	**4,702**	**8,894**
Unallocated other income and gains			**3,342**
Corporate and other unallocated expenses			**(6,990)**
Interest on borrowings			**(49)**
Share of results of associates			**(640)**
Profit before income tax			**4,557**
2022			
Revenue from external customers	80,179	8,426	88,605
Reconciliation:			
Reportable segment results	5,732	601	6,333
Unallocated other income and gains			2,010
Corporate and other unallocated expenses			(6,418)
Interest on borrowings			(74)
Share of results of associates			585
Profit before income tax			2,436

Corporate and other unallocated expenses mainly included Directors' emoluments, employee benefits expenses, depreciation of office equipment, provision for ECL on other receivables and other centralised administrative cost for the Group's headquarter.

Segment assets and liabilities

Reportable segment assets

The following is an analysis of the Group's segment assets by reportable and operating segment:

	2023	2022
	S$'000	S$'000
Earthworks and ancillary services	**49,177**	51,775
General construction works	**10,789**	8,760
Total	**59,966**	60,535
Additions to non-current segment assets:		
Earthworks and ancillary services	**12,328**	3,259

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023	2022
	S$'000	S$'000
Reportable segment assets	**59,966**	60,535
Unallocated property, plant and equipment	**166**	254
Unallocated right-of-use assets	**91**	202
Financial assets at FVTPL	**8,499**	7,874
Financial assets at amortised cost	**250**	250
Financial assets at FVOCI	**557**	1,394
Investment property	**1,274**	1,286
Other assets	**366**	365
Deferred tax assets	**–**	228
Pledged deposits	**1,285**	1,281
Cash and cash equivalents	**30,105**	23,441
Investment in associates	**16,928**	9,924
Corporate and other unallocated assets	**2,198**	3,501
Group assets	**121,685**	110,535

Corporate and other unallocated assets mainly included deposits, prepayments, other receivables due from related parties and advance payment to suppliers.

Reportable segment liabilities

The following is an analysis of the Group's segment liabilities by reportable and operating segment:

	2023	2022
	S$'000	S$'000
Earthworks and ancillary services	**16,046**	11,849
General construction works	**2,904**	1,210
Total	**18,950**	13,059

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023	2022
	S$'000	S$'000
Reportable segment liabilities	**18,950**	13,059
Borrowings	**1,817**	3,069
Corporate and other unallocated liabilities	**8,830**	5,624
Group liabilities	**29,597**	21,752

Corporate and other unallocated liabilities mainly included accruals for employee benefit expenses, and payables of office operating expenses and utilities.

Other segment information

	Earthworks and ancillary services S$'000	General construction works S$'000	Unallocated S$'000	Total S$'000
2023				
Gain on disposals of property, plant and equipment	**587**	**–**	**–**	**587**
Fair value gain on financial assets at FVTPL	**–**	**–**	**876**	**876**
Depreciation of property, plant and equipment	**6,192**	**–**	**221**	**6,413**
(Reversal of)/provision for ECL on contract assets	**(83)**	**49**	**–**	**(34)**
Provision for ECL on trade receivables	**131**	**–**	**–**	**131**
Finance costs	**188**	**–**	**49**	**237**
Interest income	**–**	**–**	**193**	**193**
Share of results of associates	**–**	**–**	**(640)**	**(640)**
2022				
Gain on disposals of property, plant and equipment	**202**	**–**	**–**	**202**
Write-off of lease liabilities	**68**	**–**	**–**	**68**
Fair value gain on financial assets at FVTPL	**–**	**–**	**247**	**247**
Depreciation of property, plant and equipment	**7,066**	**–**	**276**	**7,342**
Provision for ECL on contract assets	**270**	**19**	**–**	**289**
Reversal of ECL on trade receivables	**(180)**	**(113)**	**–**	**(293)**
Finance costs	**139**	**–**	**74**	**213**
Interest income	**–**	**–**	**57**	**57**
Share of results of associates	**–**	**–**	**585**	**585**

Geographical information

The Group's non-current assets are all based in Singapore. No geographical information is presented for the Group's business segment as the Group is principally engaged in projects within Singapore. Accordingly, the Group's revenue is all derived from customers located in Singapore.

Revenue from customers for the year over 10% of the Group's total revenue is as follows:

	2023	2022
	S$'000	S$'000
Customer A – attributable to Earthworks and ancillary services	**30,438**	15,711

4. REVENUE, OTHER INCOME AND GAINS

a) Revenue, which is also the Group's turnover, represents revenue from Earthworks and ancillary services and General construction works. Revenue recognised from the principal activities during the year is as follows:

	Revenue from external customers	
	2023	2022
	S$'000	S$'000
Revenue from contracts with customer and recognised over time:		
Earthworks and ancillary services	**84,436**	80,179
General construction works	**36,396**	8,426
	120,832	88,605

Earthworks and ancillary services included revenue of S$78,635,000 (2022: S$73,298,000) from earthworks and S$5,801,000 (2022: S$6,881,000) from earthworks ancillary services.

b) Transaction price allocated to remaining performance obligations

As at 31 December 2023, the transaction price allocated to performance obligations that were unsatisfied (or partially unsatisfied) in relation to project works was S$335,000,000 (2022: S$230,473,000). The Directors expect that the unsatisfied performance obligations will be recognised as revenue from 1 to 5 years according to the contract period.

c) An analysis of the Group's other income and gains during the year is as follows:

	2023	2022
	S$'000	S$'000
Other income		
Management service income	**501**	417
Interest income from financial assets at amortised cost	**193**	57
Reversal of provision for ECL	**47**	318
Rental income from investment property	**91**	111
Dividend income from financial assets at FVOCI	**59**	46
Sales of scrap materials and consumables	**535**	421
Government grants	**115**	597
Others	**39**	18
	1,580	1,985
Gains		
Gain on disposals of property, plant and equipment	**587**	202
Write-off of lease liabilities	**–**	68
Gain on settlement of financial assets at FVTPL	**934**	96
Fair value gain from financial assets at FVTPL	**876**	247
	2,397	613
Total	**3,977**	2,598

The Group received funding support from Singapore government. The entitlement of the government grants is under the discretion of the relevant government bureaus. Included within the government grants for the year ended 31 December 2023 was Nil (2022: S$505,000) of Foreign Worker Levy rebates.

5. FINANCE COSTS

	2023	2022
	S$'000	S$'000
Interest expenses from financial liabilities at amortised cost:		
– Interest on lease liabilities	**188**	139
– Interest on borrowings wholly repayable within five years	**49**	74
	237	213

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

		2023	2022
	Note	**S$'000**	S$'000
Auditor's remuneration		**192**	185
Depreciation of property, plant and equipment	*(i)*	**6,413**	7,342
Depreciation of investment property	*(ii)*	**12**	12
Direct operating expenses arising from investment property that generated rental income		**19**	17
Net foreign exchange loss		**127**	9
Employee benefit expenses (including Directors' remuneration):			
– Salaries, wages and bonuses		**21,504**	18,538
– Equity-settled share option expenses		**60**	83
– Defined contribution retirement plan		**772**	703
– Other short-term benefits		**3,091**	3,098
(Reversal of)/provision for ECL on contract assets		**(34)**	289
Provision for/(reversal of) ECL on trade receivables, net		**131**	(293)
(Reversal of)/impairment on other assets		**(1)**	4
Fair value gain from financial assets at FVTPL		**(876)**	(247)

Notes:

(i) Depreciation of property, plant and equipment amounting to S$6,198,000 (2022: S$7,070,000) has been included in direct costs and S$215,000 (2022: S$272,000) has been included in administrative and other operating expenses during the year.

(ii) Depreciation of investment property has been included in administrative and other operating expenses.

7. INCOME TAX EXPENSE

(a) Income tax

	2023	2022
	S$'000	S$'000
Current tax – Singapore income tax		
Charge for the year	**1,015**	491
Under provision in respect to prior year	**13**	39
	1,028	530
Deferred tax		
Charge for the year due to origination and reversal of temporary differences *(Note (b))*	**284**	183
Income tax expense	**1,312**	713

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	2023	2022
	S$'000	S$'000
Profit before income tax	**4,557**	2,436
Add/(Less): Share of results of associates	**640**	(585)
	5,197	1,851
Tax at statutory tax rate of 17%	**884**	315
Enhanced tax allowances, exemptions and rebates	**(35)**	(35)
Non-deductible expenses	**228**	156
Income not subject to tax	**(3)**	(8)
Effect of tax due to different jurisdiction	**–**	–
Under provision in respect to prior year	**13**	39
Utilisation of previously unrecognised deferred income tax benefits	**–**	31
Tax loss disregarded	**292**	312
Effect of temporary differences	**(15)**	(72)
Others	**(52)**	(25)
Income tax expense	**1,312**	713

As at 31 December 2023, the Group had unutilised estimated tax losses of Nil (2022: S$672,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised estimated tax losses due to the unpredictability of future profit stream. The unutilised estimated tax losses can be carried forward indefinitely.

(b) Deferred tax

The movements in deferred tax liabilities and assets during the year are as follow:

Deferred tax (liabilities)/assets

	Accelerated tax depreciation	Leases	Impairment loss	Unutilised leave	Unutilised losses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2022	30	20	174	55	132	411
(Charge)/credit to profit or loss for the year *(Note (a))*	(66)	(10)	37	(14)	(130)	(183)
At 31 December 2022	(36)	10	211	41	2	228
(Charge)/credit to profit or loss for the year *(Note (a))*	(280)	(10)	18	(10)	(2)	(284)
At 31 December 2023	(316)	–	229	31	–	(56)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023	2022
	S$'000	S$'000
Deferred tax assets	**–**	228
Deferred tax liabilities	**56**	–

8. DIVIDENDS

No dividend was declared or paid by the Company during the year ended 31 December 2023 (2022: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit for the year of S$3,245,000 (2022: S$1,723,000) and on the weighted average number of 1,036,456,000 (2022: 1,036,456,000) ordinary shares (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue during the year ended 31 December 2023.

The calculation of diluted earnings per share for the year ended 31 December 2023 is based on the profit for the year of S$3,245,000 (2022: S$1,723,000) and on the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000 (2022: 1,136,408,000).

10. TRADE RECEIVABLES

	Note	2023 S$'000	2022 S$'000
Trade receivables		**16,865**	22,642
Retention receivables		**379**	254
	(a)	**17,244**	22,896
Less: Provision for ECL on trade receivables and retention receivables		**(1,175)**	(1,044)
	(b)	**16,069**	21,852
Total trade receivables, net			
– Non-related parties		**16,062**	21,807
– Related parties	*(c)*	**7**	45
		16,069	21,852

Notes:

(a) During the year, credit period granted to the Group's customers was generally within 30 (2022: 30) days from invoice date of the relevant contract revenue. Some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 1 year) after completion of the contract. The amount withheld is classified as retention receivables. Retention receivables are unsecured and interest-free.

(b) Based on invoice date, ageing analysis of the Group's trade receivables is as follows:

	2023	2022
	S$'000	S$'000
0 to 30 days	**7,936**	7,062
31 to 90 days	**6,006**	7,592
91 to 180 days	**1,479**	4,312
181 to 365 days	**647**	2,293
Over 365 days	**1**	593
	16,069	21,852
Retention receivables	**–**	–
	16,069	21,852

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	2023	2022
	S$'000	S$'000
Neither past due nor impaired	**7,931**	7,058
1 to 30 days past due	**4,792**	3,898
31 to 90 days past due	**1,911**	5,957
91 to 180 days past due	**908**	2,582
181 to 365 days past due	**526**	1,864
Over 365 days past due	**1**	493
	16,069	21,852
Retention receivables	**–**	–
	16,069	21,852

The Group's trade receivables as at the reporting date that were neither past due nor impaired related to customers who had no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

Movement in the provision for ECL on trade receivables and retention receivables is as follows:

	2023	2022
	S$'000	S$'000
Balance at beginning of the year	**1,044**	1,337
Provision for/(reversal of) for ECL, net	**131**	(293)
Balance at end of the year	**1,175**	1,044

(c) The receivables from these related parties are unsecured, interest-free and repayable on demand and are to be settled in cash.

	2023	2022
	S$'000	S$'000
Trade receivables	**7**	45
Less: Provision for ECL	**–**	–
	7	45

11. TRADE PAYABLES

	Note	2023	2022
		S$'000	S$'000
Trade payables	*(a)*	**7,045**	6,532
Retention payables		**997**	361
		8,042	6,893
Total trade payables			
– Non-related parties		**7,998**	6,467
– Related parties		**44**	426
		8,042	6,893

Notes:

(a) The Group's trade payables are non-interest bearing and generally have payment terms of 30 days.

Ageing analysis of trade payables, based on invoice date, is as follows:

	2023	2022
	S$'000	S$'000
0 to 30 days	**4,799**	4,671
31 to 90 days	**1,905**	1,759
91 to 180 days	**223**	57
Over 180 days	**1,115**	406
	8,042	6,893

ISSUE, PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

On 17 November 2023, the Company and Mr. Phang entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and Mr. Phang conditionally agreed to subscribe for, the Subscription Shares of 207,291,200 Shares at the Subscription Price of HK$0.074 per Subscription Share for a total consideration of HK$15,339,548.80 in cash. The closing price as quoted on the Stock Exchange on 17 November 2023, being the date on which the terms of the issue were fixed, was HK$0.074 per Share. The Subscription Shares represent (i) 20% of the issued share capital of the Company immediately before the Completion; and (ii) approximately 16.67% of the issued share capital of the Company immediately after the Completion.

The Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, and further strengthens the capital base of the Company by raising additional funds for the Group's business operations and strategic development. In light of the prevailing market conditions that the interest rate for debt financing has raised significantly, the Company considers that the Subscription represents a suitable financial option to support the Group's continuous development and business growth, as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

The net proceeds of the Subscription, after the deduction of the related fees and expenses, amounted to approximately HK$15,000,000.00, representing a net Subscription Price of approximately HK$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose in the following manner:

(a) HK$7,500,000.00 (i.e. 50% of the net proceeds) for strengthening the Group's working capital for tender for additional sizable projects;

(b) HK$3,600,000.00 (i.e. 24% of the net proceeds) for purchase of excavation machines and tipper trucks; and

(c) HK$3,900,000.00 (i.e. 26% of the net proceeds) for leasing or acquisition of industrial property for the Group's use.

Depending on actual business needs, it is estimated that the net proceeds of the Subscription will be fully utilised in accordance with its intended purposes within the next two years from the Completion.

The Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, were approved by the independent Shareholders at the 2024 EGM. The Completion took place on 23 January 2024 in accordance with the terms and conditions of the Subscription Agreement. Upon the Completion, the Subscription Shares were allotted and issued by the Company to Mr. Phang, who became a substantial Shareholder. For further details, please refer to the announcements of the Company dated 17 November 2023, 4 January 2024 and 23 January 2024 respectively and the circular of the Company dated 15 December 2023.

Save as disclosed above, there was no issue, purchase, sale or redemption of the Shares by the Company or any of its subsidiaries during the Year.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors, following specific enquiries made by the Company, have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the Year.

The Company has also adopted a written code of conduct on terms no less exacting than the Model Code for its relevant employees (including all employees of the Company and all directors and employees of the Company's subsidiaries and holding company who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities, the "**Relevant Employees**") in respect of their dealings in the Company's securities. All Relevant Employees are required to follow such code when dealing in the securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of good corporate governance in and adopted all of the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance practices.

The Company had complied with all applicable Code Provisions throughout the Year.

The Board is aware that the Company shall comply with the CG Code and any deviation from the CG Code shall be carefully considered and disclosed in the interim and annual reports of the Group. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the Management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including the review of the annual results of the Group for the financial year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

During the Year and up to the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chuanholdingsltd.com). The 2023 Annual Report containing all applicable information required by the Listing Rules will be available on the aforesaid websites and despatched to the Shareholders in due course.

EVENTS AFTER END OF YEAR

Save as disclosed below, the Directors confirm that there have been no significant events affecting the Group after 31 December 2023 and up to the date of this announcement:

1. At the 2024 EGM, the independent Shareholders approved the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, details of which are set out in the section headed "ISSUE, PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES" above. The Completion took place on 23 January 2024. For further details, please refer to the announcement of the Company dated 4 January 2024 and 23 January 2024 respectively;

2. On 14 February 2024, Mr. Lim, Ms. Yee, Hulett Construction and Chuan Lim entered into the Agreement, pursuant to which Mr. Lim and Ms. Yee have conditionally agreed to sell, and Chuan Lim has conditionally agreed to purchase, the Sale Shares together with the Sale Loans at the total consideration of S$46,700,000, which shall be settled (i) as to S$8,000,000 by the issue of the Promissory Note; and (ii) as to S$38,700,000 in cash. For further details, please refer to the announcement of the Company dated 14 February 2024; and

3. In order to finance the JV Company's portion (being 30%) of the cash contribution or commitment towards the further capital needs for the Redevelopment Project, on the respective dates of 3 January 2024 and 12 March 2024, Longlands and the JV Company entered into (i) the First Further Shareholder's Loan Agreement, pursuant to which Longlands provided to the JV Company the First Further Shareholder's Loan on 3 January 2024; and (ii) the Second Further Shareholder's Loan Agreement, pursuant to which Longlands provided to the JV Company the Second Further Shareholder's Loan on 18 March 2024, respectively. The Further Shareholder's Loans are unsecured, interest-free and repayable on demand. For further details, please refer to the announcement of the Company dated 12 March 2024.

SCOPE OF WORK OF ERNST & YOUNG LLP

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, and consolidated statement of comprehensive income, consolidated statement of changes in equity and related notes thereto for the financial year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young LLP ("**EY**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by EY 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 as issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the EY on this announcement.

APPRECIATION

The Board would like to express its gratitude to all the customers, management and staff of the Group, as well as the business partners and the Shareholders for their continuous support.

By order of the Board
Chuan Holdings Limited
Phang Yew Kiat
Chairman and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Lim Kui Teng, Mr. Phang Yew Kiat and Mr. Bijay Joseph as executive Directors; and Mr. Wee Hian Eng Cyrus, Mr. Wong Ka Bo Jimmy and Mr. Xu Fenglei as independent non-executive Directors.