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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)

PROFIT ALERT – REDUCTION IN LOSS

This announcement is made by Kwan Yong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and the potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 30 June 2021 and other information currently available to the Board, the Group is expected to record a net loss of approximately SGD6.0 million for the year ended 30 June 2021 as compared to the net loss of approximately SGD17.0 million for the year ended 30 June 2020. Based on the information currently available, such decrease in the net loss for the year ended 30 June 2021 was mainly attributable to the following:

- (i) increase in other operating income for the year ended 30 June 2021, due to employment incentives, productivity improvement and related grants and rebates in response to the novel coronavirus (the “**COVID-19**”) pandemic received from Singapore Government;
- (ii) decrease in operating expenses for the year ended 30 June 2021 as a result of cost reduction measures taken by the Group in response to the COVID-19 pandemic including but not limited to a reduction in salaries and streamlining of the workforce of the Group; and
- (iii) the above-mentioned factors were partially offset by the (a) slow and gradual resumption of both public and private sectors construction works, which resulted in lower revenue of approximately 29.0% for the year ended 30 June 2021; (b) the COVID-19 pandemic which slowed down the progress of certain projects leading to an increase in construction costs for the year ended 30 June 2021; (c) the ongoing COVID-19 situation in India, Bangladesh, Nepal, Sri Lanka, and its neighbouring countries which led to restrictions on the inflow of migrant workers. The severity of the labour crunch is exacerbated by workers leaving Singapore and the poaching of workers from competitors; and (d) the increase in construction cost during the year ended 30 June 2021 due to continued disruption of delivery of key construction materials from Malaysia, largely attributable to the policies and measures implemented by the Malaysia Government in response to the sharp increase in the number of confirmed cases of COVID-19 in Malaysia, including a nationwide movement control order implemented as well as various social distancing measures and lockdown measures during the year ended 30 June 2021.

Notwithstanding the above information, and despite the extraordinary operating conditions brought about by the COVID-19 pandemic, the overall financial position of the Group remains sound and solid, and the Company is well positioned to take advantage of any upturn in the market.

The Group is still in the process of finalising the financial results for the year ended 30 June 2021. The information contained in this announcement is only based on the information currently available to the Board, that includes the unaudited consolidated management accounts of the Group for the year ended 30 June 2021, which have not been audited or reviewed by the auditors of the Company or the audit committee of the Company. The actual results of the Group for the year ended 30 June 2021 to be published shortly may be different from the information disclosed in this announcement.

Shareholders and potential investors of the Company are advised to refer to further details of the Group's financial results for the year ended 30 June 2021 which are expected to be announced by the end of September 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Singapore, 2 September 2021

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 Dr. Wu Dongqing, Mr. Chou Sean Yu and Mr. Fong Heng Boo as independent non-executive Directors.