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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

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 2022, together with the comparative figures for the year ended 30 June 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Note</i>	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Revenue	4	77,766	90,533
Cost of sales		(74,008)	(95,710)
Gross profit/(loss)		3,758	(5,177)
Other income and gain	5	2,605	6,162
Administrative expenses		(6,371)	(6,318)
Other expenses		(193)	(634)
Finance costs	6	(181)	(238)
Loss before tax	7	(382)	(6,205)
Income tax expense	8	(9)	–
Loss for the year attributable to shareholders of the Company		(391)	(6,205)
Other comprehensive loss			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Fair value losses on equity investments at fair value through other comprehensive income		(144)	–
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		124	(737)
Other comprehensive loss for the year, net of tax		(20)	(737)
Total comprehensive loss for the year attributable to shareholders of the Company		(411)	(6,942)
Basic and diluted earnings per share (cents)	10	(0.05)	(0.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 SGD'000	2021 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	18,676	19,906
Investment properties		1,841	1,872
Equity investments at fair value through other comprehensive income	12	952	–
Total non-current assets		21,469	21,778
Current assets			
Contract assets	13	17,385	12,443
Trade receivables	14	14,346	12,641
Prepayments, deposits and other receivables	15	763	2,749
Pledged deposits		4,000	4,000
Cash and cash equivalents		13,877	32,542
Total current assets		50,371	64,375
Total assets		71,840	86,153
Current liabilities			
Contract liabilities	13	3,905	667
Trade and other payables	16	27,376	41,680
Provisions	17	685	1,255
Deferred grants		–	4
Borrowings		1,312	1,766
Lease liabilities		175	167
Tax payable		9	–
Total current liabilities		33,462	45,539
Net current assets		16,909	18,836

	<i>Note</i>	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Total assets less current liabilities		<u>38,378</u>	<u>40,614</u>
Non-current liabilities			
Borrowings		1,996	3,646
Lease liabilities		<u>1,367</u>	<u>1,542</u>
Total non-current liabilities		<u>3,363</u>	<u>5,188</u>
Total liabilities		<u><u>36,825</u></u>	<u><u>50,727</u></u>
Net assets		<u><u>35,015</u></u>	<u><u>35,426</u></u>
Equity attributable to shareholders of the Company			
Issued capital	18	1,389	1,389
Share premium		32,978	32,978
Reserves		<u>648</u>	<u>1,059</u>
Total equity		<u><u>35,015</u></u>	<u><u>35,426</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Attributable to shareholders of the Company					
	Issued capital SGD'000	Share premium SGD'000	Foreign currency translation reserve SGD'000	Fair value reserves SGD'000	Retained profits SGD'000	Total equity SGD'000
At 1 July 2020	1,389	32,978	499*	–	7,502*	42,368
Loss for the year	–	–	–	–	(6,205)	(6,205)
Other comprehensive loss for the year:						
Foreign currency translation	–	–	(737)	–	–	(737)
Total comprehensive loss for the year	–	–	(737)	–	(6,205)	(6,942)
At 30 June 2021 and 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/(loss)	–	–	–	(144)	–	(144)
Total comprehensive loss for the year	–	–	124	(144)	(391)	(411)
At 30 June 2022	1,389	32,978	(114)*	(144)*	906*	35,015

* These reserves accounts comprise the consolidated reserves of approximately SGD648,000 (2021: approximately SGD1,059,000) in the consolidated statement of financial position as at 30 June 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 SGD'000	2021 SGD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(382)	(6,205)
Adjustments for:			
Bank interest income	5	(46)	(142)
Dividend income from equity investments	5	(20)	–
Gain on disposal of property, plant and equipment, net	5	(74)	(38)
Amortisation of deferred capital grants	5	(4)	(40)
Finance costs	6	181	238
Depreciation of property, plant and equipment	7	2,299	2,002
Depreciation of investment properties	7	31	31
Government grant not yet received		(47)	(150)
Provision for defect liabilities, net	17	(267)	(75)
Provision for onerous contracts	17	(303)	(602)
		<hr/>	<hr/>
Operating cash flows before changes in working capital		1,368	(4,981)
(Increase)/decrease in contract assets		(4,942)	385
Increase in trade receivables		(1,705)	(6,987)
Decrease in prepayments, deposits and other receivables		1,663	4,847
Increase/(decrease) in contract liabilities		3,238	(3,720)
(Decrease)/increase in trade and other payables		(14,304)	10
		<hr/>	<hr/>
Cash flows used in operations		(14,682)	(10,446)
Income tax refund		–	97
		<hr/>	<hr/>
Net cash flows used in operating activities		(14,682)	(10,349)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of time deposits with original maturity of more than three months when acquired		(4,000)	(4,000)
Withdrawal of time deposits with original maturity of more than three months when acquired		4,000	4,000
Dividend received		20	–
Interest received		46	142
Purchase of items of property, plant and equipment		(582)	(3,130)
Purchase of equity investments		(1,096)	–
Proceeds from disposal of property, plant and equipment		77	251
		<hr/>	<hr/>
Net cash flows used in investing activities		(1,535)	(2,737)
		<hr/>	<hr/>

	<i>Note</i>	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(181)	(238)
Payment for lease liabilities for leasehold land		(167)	(77)
Payment of principal portion under hire purchase obligation		(535)	(667)
Repayment of bank borrowings		(1,407)	(987)
		<u>(2,290)</u>	<u>(1,969)</u>
Net cash flows used in financing activities		(2,290)	(1,969)
Net decrease in cash and cash equivalents		(18,507)	(15,055)
Cash and cash equivalents at beginning of year		32,260	48,052
Effect of foreign exchange rate changes		124	(737)
		<u>13,877</u>	<u>32,260</u>
Cash and cash equivalents at end of year		13,877	32,260
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits and credit linked notes		2,880	15,349
Time deposits and credit linked notes		14,997	21,193
Less: Pledged deposits		(4,000)	(4,000)
		<u>13,877</u>	<u>32,542</u>
Cash and cash equivalents as stated in the consolidated statement of financial position		13,877	32,542
Less: Bank overdrafts		–	(282)
		<u>13,877</u>	<u>32,260</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		13,877	32,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 7 September 2018. 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 holding company and the ultimate holding company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated 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 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**”) 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 2021. 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 Change in functional currency

Subsequent to the capital injection with the proceeds from the Company into its indirect subsidiary, Kwan Yong Construction Pte Ltd on 25 May 2022, management has determined that the currency of the primary economic environment in which the Company operates (i.e functional currency) to be SGD, since the remaining transactions are mainly denominated in SGD.

Prior to the change, all transactions in currencies other than Hong Kong Dollars (“**HKD**”) were treated as transactions in foreign currencies and were recorded, on initial recognition, in HKD using the exchange rate at the transaction date.

The change in functional currency of the Company is not expected to have an impact on the financial statements as the functional currency is the same as the presentation currency of the financial statements.

2.4 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.

2.5 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 consolidated financial statements.

Description	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, <i>Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</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 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 consolidated financial statements. Segment assets and liabilities are measured in a manner consistent with those of the financial statements.

Year ended 30 June 2022

	Construction <i>SGD'000</i>	Property <i>SGD'000</i>	Corporate <i>SGD'000</i>	Total <i>SGD'000</i>
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>

Year ended 30 June 2021

	Construction <i>SGD'000</i>	Property <i>SGD'000</i>	Corporate <i>SGD'000</i>	Total <i>SGD'000</i>
Revenue				
External customers	90,533	–	–	90,533
Segment results	(5,533)	–	(672)	(6,205)
Segment assets	67,328	–	18,825	86,153
Segment liabilities	50,448	–	279	50,727
Other Segment information				
Interest income	94	–	48	142
Finance cost	238	–	–	238
Depreciation of property, plant and equipment	2,002	–	–	2,002
Depreciation of investment properties	31	–	–	31

Geographical information

The Group's revenue during the financial years ended 30 June 2022 and 2021 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 2022 and 2021 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 2022 and 2021, is set out below:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Customer A	14,191	55,742
Customer B	18,771	21,598
Customer C	25,077	10,923
Customer D	16,230	N/A*

* The customer did not contribute 10% or more of the Group's revenue in the year ended 30 June 2021.

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	
	2022	2021	2022	2021	2022	2021
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Type of goods or services						
Construction contracts	77,497	90,533	–	–	77,497	90,533
Rental of dormitory	–	–	269	–	269	–
	<u>77,497</u>	<u>90,533</u>	<u>269</u>	<u>–</u>	<u>77,766</u>	<u>90,533</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 aggregate amounts of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations as at the end of each of the financial years are as follows:

	2022	2021
	SGD'000	SGD'000
Expected to be recognised:		
Within one year	123,151	80,648
More than one year	30,330	42,120
	<u>153,481</u>	<u>122,768</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.

The lower actual revenue for the financial year ended 30 June 2022 as compared to the previous year's estimated revenue to be recognised in the current financial year was mainly due to slower project progress than estimated in the previous financial year.

5. OTHER INCOME AND GAIN

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

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Other income		
Bank interest income	46	142
Government grants (a)	811	3,603
Amortisation of deferred capital grants	4	40
Rental income	453	413
COVID-19 related prolongation claims (b)	1,197	1,926
Dividend income from equity investments	20	–
	<u>2,531</u>	<u>6,124</u>
Gain		
Gain on disposal of property, plant and equipment	74	38
	<u>2,605</u>	<u>6,162</u>

Notes:

- (a) During the years ended 30 June 2022 and 2021, 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 approximately SGD747,000 (2021: approximately SGD 3,486,000).

- (b) During the years ended 30 June 2022 and 2021, 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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Interest on:		
Term loan	73	102
Hire purchases	18	42
Lease liabilities	90	94
	<u>181</u>	<u>238</u>

7. LOSS BEFORE TAX

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

	<i>Note</i>	2022 SGD'000	2021 <i>SGD'000</i>
Cost of construction work		73,436	95,407
Onerous contract		–	303
Depreciation of property, plant and equipment		2,299	2,002
Less: Amount included in cost of construction work		(1,766)	(1,449)
		533	553
Depreciation of investment properties		31	31
Expensed relating to short-term leases and leases of low value assets		5	373
Less: Amount included in cost of construction work		–	(213)
		5	160
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		35	27
Employee benefit expense (excluding directors' remuneration):			
Salaries, allowances and benefits in kind		7,543	7,470
Wages		3,056	2,467
Pension scheme contributions		529	557
		11,128	10,494
Less: Amount included in cost of construction work		(8,439)	(7,936)
		2,689	2,558
Provision for defect liabilities	17	528	186
Auditors remuneration			
– Audit fees		170	160
– Non-audit fees		–	4
COVID-19 related expenses		193	634

Included in cost of construction is a reversal of accrued subcontractor costs of approximately 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 2022 and 2021.

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

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Current tax – Singapore:		
Charge for the year	<u>9</u>	<u>–</u>

A reconciliation of the tax expense applicable to 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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Loss before tax	<u>(382)</u>	<u>(6,205)</u>
Tax at the statutory rate of 17% (2021: 17%)	(65)	(1,055)
Income not subject to tax	(1)	(221)
Expenses not deductible for tax	310	337
Partial tax exemption	(10)	–
Deferred tax benefits on temporary differences not recognised	67	939
Utilisation of previously unrecognised tax losses	<u>(292)</u>	<u>–</u>
Tax charged for the year	<u>9</u>	<u>–</u>

At the end of the reporting period, the Group has tax losses of approximately SGD15,283,000 (2021: approximately SGD17,006,000) that are available for offset against future taxable profits of the companies 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 years ended 30 June 2022 and 2021.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	2022	2021
Loss attributable to the shareholders of the Company (SGD)	(391,000)	(6,205,000)
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic and diluted earnings per shares (Singapore cents)	<u>(0.05)</u>	<u>(0.78)</u>

The calculation of basic earnings per share is based on the 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 2022 and 2021 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 2022, the Group acquired assets with a cost of approximately SGD1,072,000 (2021: approximately SGD3,766,000).

Assets with a net carrying amount of approximately SGD3,000 (2021: approximately SGD674,000) were disposed by the Group during the year ended 30 June 2022, resulting in a net gain on disposal of approximately SGD74,000 (2021: approximately SGD38,000).

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Equity investments at fair value through other comprehensive income		
Listed equity investments	<u>952</u>	<u>–</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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
United States Dollars	<u>290</u>	<u>–</u>

13. CONTRACT BALANCES

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

		2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Contract assets:			
Retention receivables	(a)	1,545	420
Other contract assets	(b)	<u>15,840</u>	<u>12,023</u>
Total contract assets	(c)	<u>17,385</u>	<u>12,443</u>
Trade receivables	14	<u>14,346</u>	<u>12,641</u>
Contract liabilities	(d)	<u>(3,905)</u>	<u>(667)</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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Due after one year	<u>1,545</u>	<u>420</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 increase in contracts assets during the year ended 30 June 2022 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 2022.

The expected timing of recovery or settlement of contract assets as at the end of each of the years ended 30 June 2022 and 2021 is as follows:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Within one year	11,924	8,570
More than one year	<u>3,916</u>	<u>3,453</u>
Total other contract assets	<u>15,840</u>	<u>12,023</u>

- (c) The Group applies the simplified approach to provide for expected credit losses (the "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 2022 and 2021.

- (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.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of the years ended 30 June 2022 and 2021:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Revenue recognised that was included in the contract liabilities balance at beginning of the year	667	3,720

- (e) As at 30 June 2022, performance bonds amounting to approximately SGD21,052,000 (2021: approximately SGD17,165,000) 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-days 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 ECL as 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. 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 loss on collection is not material, no ECL was made for trade receivables as at 30 June 2022 and 2021.

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

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Within one month	5,155	7,334
1 to 2 months	1,037	–
2 to 3 months	–	–
Over 3 months	6	3
	<hr/>	<hr/>
	6,198	7,337
Unbilled receivables*	8,148	5,304
	<hr/>	<hr/>
	14,346	12,641
	<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

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Prepayments	134	183
Deposits	212	183
GST receivable	–	10
Government grant receivable	47	150
Tax recoverable	113	113
Prolongation claim receivable	184	516
Other receivables	73	1,594
	<hr/>	<hr/>
	763	2,749
	<hr/> <hr/>	<hr/> <hr/>

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.

Included in other receivables are purchases made on behalf of subcontractors amounted to approximately SGD70,000 (2021: approximately SGD1,221,000). The amount is unsecured, interest-free and repayable on demand.

16. TRADE AND OTHER PAYABLES

		2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Trade payables	(a)	1,328	2,382
Accrued subcontractor costs		16,409	26,630
Accrued operating expenses		776	736
Retention payables	(b)	8,458	11,841
Deposit received		127	91
GST payable		278	–
		<u>27,376</u>	<u>41,680</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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Within one month	1,021	1,649
1 to 2 months	80	414
2 to 3 months	40	4
Over 3 months	187	315
	<u>1,328</u>	<u>2,382</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:

	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Due within one year	1,876	4,701
Due after one year	6,582	7,140
	<u>8,458</u>	<u>11,841</u>

17. PROVISIONS

	Defect liabilities <i>SGD'000</i>	Onerous contracts <i>SGD'000</i>	Total <i>SGD'000</i>
At 1 July 2020	1,027	905	1,932
Additional provision made during the year	186	303	489
Utilised during the year	(261)	(905)	(1,166)
	<u>952</u>	<u>303</u>	<u>1,255</u>
At 30 June 2021 and 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>
As at 30 June 2022	685	–	685

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. SHARE CAPITAL

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Authorised:		
15,000,000,000 (2021: 15,000,000,000) ordinary share of HKD0.01 each	<u>150,000</u>	<u>150,000</u>
	2022 <i>SGD'000</i>	2021 <i>SGD'000</i>
Issued and fully paid:		
800,000,000 (2021: 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 35 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 2022, the Group had 4 (2021: 6) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD214.2 million (2021: approximately SGD293.8 million).

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.

OUTLOOK

Many parts of the world, including Singapore, have reopened their economies and continue their journey toward endemic COVID-19 strategy. According to the Singapore’s Ministry of Trade and Industry’s (the “MTI”) announcement on 11 August 2022, Singapore economy grew by 4.4 per cent on a year-on-year basis in the second quarter of 2022. The MTI’s assessment is that the external demand outlook for the Singapore economy has weakened firstly due to the Russia-Ukraine conflict, which could continue to worsen global supply disruptions and exacerbate inflationary pressures through higher material and energy prices. Secondly, the more aggressive tightening of monetary policy in response to inflation are expected to weigh on the growth in Singapore. Thirdly, the risk of geopolitical tensions in the region could escalate and lead to further disruptions in supply chains. Lastly, the potential emergence of more virulent strains of the COVID-19 virus. Notwithstanding that vaccines have played a major role in mitigating the worst that the virus can bring, the threat is still prevalent given the potential emergence of more virulent strains of the virus.

The MTI has narrowed the GDP growth forecast for 2022 to “3.0 to 4.0 per cent”, from “3.0 to 5.0 per cent”. Growth in the construction sector picked up to 3.3 per cent year-on-year. The sector’s growth was due to an expansion in both public and private sector construction output.

The Building and Construction Authority (the “BCA”), announced on 26 January 2022, that the projected total value of construction contracts awarded in 2022 to be between SGD27 billion and SGD32 billion. This figure was about 7 per cent higher than the upper range of the BCA’s earlier forecast of SGD23 billion to SGD28 billion, mainly due to an increase in tender prices resulting from manpower and materials cost inflation. The better construction outlook is because the public sector, which contributes about 60 per cent of the total construction demand, is expected to invigorate the demand to between SGD16 billion and SGD19 billion. The public sector’s support

comes from the strong pipeline of public housing projects which include those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

The Group will continue to face various challenges such as rising business costs, manpower constraints and tight supply of materials. Notwithstanding recent signs of a slight easing in global supply disruptions, the supply-chain disruptions are likely to persist for the rest of the year as underlying factors such as Russia-Ukraine conflict and China's zero-COVID policy remain.

The Group will continuously monitor the development of the pandemic and assess its impact on its operations. Notwithstanding, the Group will have sufficient liquidity to enable the Company to continue as a going concern for at least 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 2022 was approximately SGD77.8 million, representing a decrease of approximately SGD12.7 million or approximately 14.0% as compared to that of approximately SGD90.5 million for the year ended 30 June 2021. The decrease in revenue was mainly driven by:

- (i) the slow and gradual resumption of both public and private sectors construction; and
- (ii) the construction progress of two new construction projects which commenced in the last two quarters of the financial year was very much in the initial stages.

Cost of sales

Cost of sales for the year ended 30 June 2022 was approximately SGD74.0 million, representing a decrease of approximately SGD21.7 million or approximately 22.7%, from approximately SGD95.7 million for the year ended 30 June 2021. The decrease was mainly driven by the corresponding decrease in revenue.

Gross profit and gross profit margin

Gross profit increased from gross loss of approximately SGD5.2 million for the year ended 30 June 2021 to gross profit of approximately SGD3.8 million for the year ended 30 June 2022, and the gross profit margin increased to approximately 4.9% for the year ended 30 June 2022 from gross loss margin of approximately 5.7% for the year ended 30 June 2021. 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 SGD3.6 million from approximately SGD6.2 million for the year ended 30 June 2021 to approximately SGD2.6 million for the year ended 30 June 2022. The decrease was primarily due to less government subsidies received from the Singapore Government to help businesses during the difficult times caused by the COVID-19 pandemic as a result of the gradual recovery of the economy for the year ended 30 June 2022.

Finance costs

The Group's finance costs decreased by approximately SGD57,000 from approximately SGD238,000 for the year ended 30 June 2021 to approximately SGD181,000 for the year ended 30 June 2022. The decrease was mainly due to the lower average borrowings during the year ended 30 June 2022.

Income tax expense

The Group's income tax expense incurred is approximately SGD9,000 for the year ended 30 June 2022, while there is no income tax expense incurred for the year ended 30 June 2021 as the Group did not record any assessable profits.

Loss for the year

As a result of the above factors, the Group recorded a loss of approximately SGD0.4 million for the year ended 30 June 2022 as compared to a loss of approximately SGD6.2 million for the year ended 30 June 2021.

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 2022 amounted to approximately SGD13.9 million (2021: approximately SGD32.5 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 30 June 2022, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of approximately SGD4.9 million (2021: approximately SGD7.1 million).

The Group recorded total current assets of approximately SGD50.4 million as at 30 June 2022 (2021: approximately SGD64.4 million) and total current liabilities of approximately SGD33.5 million as at 30 June 2022 (2021: approximately SGD45.5 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.5 as at 30 June 2022 (2021: approximately 1.4).

The Group's total equity attributable to owners of the Company remained stable at approximately SGD35.0 million as at 30 June 2022 (2021: approximately SGD35.4 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 2022, 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 14.0% (2021: approximately 20.1%).

CONTINGENT LIABILITIES

As at 30 June 2022 and 30 June 2021, 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 2022, 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 2022.

COMMITMENTS

Contractual commitments mainly involve rental payable by the Group in respect of annual land rent, warehouse premises and workers' quarters under non-cancellable leases. The Group recognised right-of-use assets for these leases, except for short term leases and low value leases.

As at 30 June 2022, the Group had no capital commitment and lease commitment (2021: 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 has eased public-imposed measures from 29 March 2022 onwards. The measure approach to reopening also included the progressive removal of almost all domestic and border restrictions. This has alleviated the labour shortages faced in by the construction sector.

The construction sector in Singapore, is in the midst of recovery with the public sector supporting growth in the medium term. The BCA expects the total construction demand to reach between SGD25 billion and SGD32 billion per year from 2023 to 2026, led by the public sector. The BCA also anticipates the construction demand from the private sector to reach between SGD11 billion and SGD13 billion in 2022, which is comparable with the volume in 2021.

This is in anticipation of a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines as well as easing of lockdown restrictions.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2022 (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 369 employees (2021: 393 employees). Total staff costs for the year ended 30 June 2022 amounted to approximately SGD12.2 million (2021: approximately SGD11.4 million). Salaries and benefits of the Group's employees have been kept at a market level and employees were 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 2022 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 borrowings as at 30 June 2022 was secured against the building with net carrying amount of approximately SGD11.6 million (2021: approximately SGD12.0 million). As at 30 June 2022, the Group has pledged time deposits of SGD4.0 million (2021: SGD4.0 million) to banks as a security for the Group's bank overdraft facilities.

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 2022 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2022 as stated in the Prospectus	Actual business progress up to 30 June 2022
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.

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2022 as stated in the Prospectus	Actual business progress up to 30 June 2022
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	The Group has utilised approximately HKD10.8 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.
	To hire new staff who includes design engineers and Prefabricated Prefinished Volumetric Construction (“ PPVC ”) consultants	
	Upgrade BIM version	
	Recurring costs for the BIM and other relevant software	
Enhance and expand the workforce to cope with the business expansion	Construct a precast production site close to the Group’s headquarters in the Tuas area in Singapore	The Group has utilised approximately HKD16.4 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.
	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 2022:

	Planned use of Net Proceeds from Listing Date to 30 June 2022 <i>Approximately HKD'million</i>	Actual use of Net Proceeds from Listing Date to 30 June 2022 <i>Approximately HKD'million</i>	Unutilised Balance of Net Proceeds from Listing Date to 30 June 2022 <i>Approximately HKD'million</i>	Expected timeline for utilising the unutilised net proceeds
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment	24.7	24.7	–	N/A
Initial capital required for larger project	20.9	20.9	–	N/A
Recruit new staff and strengthen technical capability through investment in new construction technology (BIM, VDC and PPVC)	35.2	27.2	8.0	31 December 2022
Enhance and expand workforce to cope with business expansion	7.6	7.6	–	N/A
Total	<u>88.4</u>	<u>80.4</u>	<u>8.0</u>	

Note:

The Company intends to implement the plans and to utilise the Net Proceeds in line with the plan as set out in the Prospectus. However, in view of the COVID-19 outbreak and the uncertainty of the Singapore economy, the Group has adopted a cautious and prudent approach in implementing the business expansion and growth plans.

The remaining unutilised Net Proceeds as at 30 June 2022 of approximately HKD8.0 million have been deposited in licensed banks in Hong Kong and Singapore. The Directors will constantly evaluate the Group’s business objectives and specific needs from time to time. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of Net Proceeds.

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 2022 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 Mei Kam (“**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 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 2022 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 2022.

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 Dr. Wu Dongqing and Mr. Chou Sean Yu, independent non-executive Directors and Mr. Lim Ah Lay, a non-executive Director. 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 2022, the Audit Committee held four meetings to review and comment on the Company’s 2021 first quarter results, 2021 annual results, 2021 interim results and 2022 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 2022 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 2022 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 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 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 2022. 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, 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, 27 September 2022

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.