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 REPORT

2022

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kwan Mei Kam
(Chairman and Chief Executive Officer)
Ms. Tay Yen Hua
Mr. Jacob Wong San Ta
Ms. Kwan Shu Ming

Non-executive Director

Mr. Lim Ah Lay

Independent Non-executive Directors

Mr. Fong Heng Boo
Dr. Wu Dongqing
Mr. Chou Sean Yu

BOARD COMMITTEES

Audit Committee

Mr. Fong Heng Boo *(Chairman)*
Dr. Wu Dongqing
Mr. Chou Sean Yu
Mr. Lim Ah Lay

Remuneration Committee

Mr. Chou Sean Yu *(Chairman)*
Dr. Wu Dongqing
Mr. Kwan Mei Kam
Mr. Lim Ah Lay
Mr. Fong Heng Boo

Nomination Committee

Mr. Kwan Mei Kam *(Chairman)*
Ms. Kwan Shu Ming
Mr. Chou Sean Yu
Dr. Wu Dongqing

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Ms. Kwan Shu Ming
Ms. Ng Hoi Ying

AUDITORS

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower
Level 18
Singapore 048583

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

11 Joo Koon Crescent
Singapore 629022

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 502
Tai Tung Building
8 Fleming Road
Wan Chai
Hong Kong

Corporate Information

LEGAL ADVISER AS TO HONG KONG LAWS

TC & Co., Solicitors
Units 2201-2203, 22/F
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

DBS Bank Ltd
Overseas-Chinese Banking Corporation Limited

COMPANY'S WEBSITE

www.kwanyong.com.sg

STOCK CODE

9998

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the annual report of our Group for the year ended 30 June 2022.

During the year ended 30 June 2022, it started with uncertainties brought on by the emergence of more virulent strains of the COVID-19 virus, supply chain disruptions, the Ukraine-Russia conflict and geopolitical tensions worldwide. However, the situation in Singapore began to improve as the nation continued to journey toward an endemic COVID-19 strategy. The relaxation of safe management measures in Singapore and the reopening of borders brought about normalcy as we learn to live with COVID-19.

Notwithstanding the challenges and uncertainties, we have achieved a gross profit of approximately SGD3.8 million for 30 June 2022, a reversal from a gross loss of approximately SGD5.2 million for 30 June 2021; mainly due to the resumption of construction work in this financial year, which resulted in an improvement in the gross profit margin.

The overall financial position of the Group remains sound and solid as of 30 June 2022. The Company is well-positioned to take advantage of any upturn in the market.

The three main global economic headwinds are China's economic slowdown, the Ukraine-Russia war and inflation triggered by aggressive US monetary tightening. As a result, International Monetary Fund (the "**IMF**") left the Year 2022 global economic growth prediction unchanged at 3.2 per cent, but revised its Year 2023 forecast downwards. IMF states that the current priorities for international economic officials are to control inflation, improve fiscal policy and find ways to buffer developing countries against the worldwide rise in interest rates. Although the global economic recovery is on track, it is uneven across countries. As a result, the IMF warned of recession risks for a third of the worldwide economy.

According to Singapore's Ministry of Trade and Industry's (the "**MTI**") announcement on 11 August 2022, Singapore's economy grew by 4.4 percent on a year-on year-basis in the second quarter of 2022. Singapore's economy will expand slower in the third quarter of 2022. The Monetary Authority of Singapore ("**MAS**") has to face the underlying challenge of balancing high inflation without prompting a steep recession. MAS has tightened the monetary policy four times in a row this year, with the latest in July 2022 in an out-of-cycle move.

The Building and Construction Authority (the "**BCA**"), Singapore's construction sector's prospects are optimistic. The average annual demand from the Year 2023 to the Year 2026 should range between SGD27 billion and SGD32 billion. Some 60% of the construction demand will likely be from the public sector comprising public housing projects, healthcare developments and various infrastructure projects such as the Cross Island MRT line construction.

Notwithstanding a challenging operating environment, the Group's construction order book remains healthy at approximately SGD214.2 million as of 30 June 2022. During the year in review, our Group continued to build its strengths and resilience by successfully securing a total of 2 new projects, a nursing home and an educational institution.

Chairman's Statement

The construction sector continues to operate below the pre-pandemic level due to labor shortages. Staffing and material costs are likely to increase due to stubborn inflation and high-interest rates. The Group will continue to stay competitive and enhance productivity by upgrading skills and adopting innovation and technology to improve efficiency. We will optimize and manage our resources to seize opportunities and actively engage in those which are beneficial to the long-term development of the Group.

The Board remains fully committed to leading the Group through the economic uncertainties and challenges. I want to express my sincere appreciation to our Board for their guidance and counsel. My heartfelt thanks to our management team and staff for your determination and persistence in overcoming the obstacles together.

I also wish to extend our appreciation to our shareholders, customers, sub-contractors, suppliers, and stakeholders for their steadfast faith in us and complete support.

Kwan Mei Kam
Chairman and Executive Director

Singapore, 27 September 2022

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 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 mitigation 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 BCA announced on 26 January 2022 that the projected total value of construction contracts awarded in 2022 will 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).

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 have no lease commitment (2021: Nil).

As at 30 June 2022, the Group had no capital commitment (2021: Nil).

Management Discussion and Analysis

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).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 354 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 annual report.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 4 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.

Management Discussion and Analysis

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 Group's financial capabilities to undertake new construction and A&A projects of larger contract value	Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency	The Group has utilised approximately HKD20.9 million for the new residential building construction project granted by the Singapore Government Agency.
Strengthen the technical capability and productivity through investment in new construction technology	To hire new staff with Building Information Modelling ("**BIM**") and Virtual Design and Construction ("**VDC**") experience To hire new staff who include design engineers and Prefabricated Prefinished Volumetric Construction ("**PPVC**") consultants Upgrade BIM version Recurring costs for the BIM and other relevant software	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.
	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 a temporary licenses for the use of state land for precast production, to construct and operate a temporary dormitory which also allows the storage of materials including finished precast components.
Enhance and expand the workforce to cope with the business expansion	To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	The Group has utilised approximately HKD7.6 million to enhance and support the workforce.

USE OF NET PROCEEDS FROM LISTING

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

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

The following table sets out the breakdown of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and remaining amount of the Net Proceeds from the Listing Date up to 30 June 2022:

	Planned use of Net Proceeds from Listing Date to 30 June 2022	**Actual use of Net Proceeds from Listing Date to 30 June 2022**	**Unutilised Balance of Net Proceeds from Listing Date to 30 June 2022**	**Expected timeline for utilising the unutilised net proceeds**
	Approximately HKD'million	Approximately HKD'million	Approximately HKD'million	
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	88.4	80.4	8.0	

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 annual report, the Directors do not anticipate any change to the plan as to the use of Net Proceeds.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kwan Mei Kam ("Mr. Kwan"), aged 67, was appointed as an executive Director, the chief executive officer (the "**Chief Executive Officer**") and the chairman of the Board (the "**Chairman**") on 8 October 2018. Mr. Kwan is also one of the controlling shareholders of the Company (the "**Controlling Shareholders**"). Mr. Kwan is responsible for the Group's overall business management, strategic planning and business development of the Group. Mr. Kwan is the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Kwan is the spouse of Ms. Tay Yen Hua and the father of Ms. Kwan Shu Ming.

Mr. Kwan was awarded a Technician Diploma in Building from the Singapore Polytechnic in April 1980 and obtained a Bachelor of Construction Management Degree from the Central Queensland University in Australia in June 1997. Mr. Kwan is also an Incorporate of the Chartered Institute of Building (ICIOB), United Kingdom since October 2005.

Mr. Kwan has over 48 years of experience in the construction industry in Singapore. In June 1974, Mr. Kwan joined Progressive Builders Pte Ltd., which was principally engaged in the provision of general building construction works where Mr. Kwan was initially employed as a site clerk, and later worked as an assistant foreman and as a site agent on behalf of Messrs Lee Kim Tah Pte Ltd for hotel renovation works. During the employment by Progressive Builders Pte Ltd., Mr. Kwan was involved in public housing projects and hotel renovation works, and was responsible for the supervision of job sites, maintaining safety standards at job sites and ensuring the quality and timely progress of the works to be implemented. In January 1983, co-founded Kwan Yong Building Construction in Singapore, which was principally engaged in building construction work. As a partner of Kwan Yong Building Construction, Mr. Kwan was responsible for the day-to-day operations of the partnership. Subsequently, Mr. Kwan, together with three independent third parties, incorporated Kwan Yong Construction Pte Ltd ("**Kwan Yong**") in May 1984 and has been the managing director of Kwan Yong since then.

Ms. Tay Yen Hua ("Ms. Tay"), aged 66, was appointed as an executive Director on 8 October 2018. Ms. Tay is also one of the Controlling Shareholders. Ms. Tay is responsible for the Group's overall business operation as she oversees the Group's financial performance, and the accounting, human resources and administrative functions. Ms. Tay is the spouse of Mr. Kwan and the mother of Ms. Kwan Shu Ming.

Ms. Tay completed her secondary education at Serangoon Secondary School in December 1972. She has over 48 years of experience in secretarial, accounts and human resources work. From October 1974 to September 1984, Ms. Tay was a secretary to the executive director of Progressive Builders Pte Ltd., during which Ms. Tay was mainly responsible for Progressive Builders Pte Ltd.'s personnel and payroll matters. Ms. Tay joined Kwan Yong in October 1984 as an office manager and over the years, progressed to the position of the head of the Accounts and Finance Department (human resource and administration). In December 2009, Ms. Tay was appointed as a director of Kwan Yong.

Biographical Details of Directors and Senior Management

Mr. Jacob Wong San Ta（黃善達）("Mr. Wong"), aged 53, was appointed as an executive Director on 8 October 2018. Mr. Wong is responsible for project management, enhancement of the Group's technical abilities and adoption of technology. Mr. Wong oversees the Tender and Contract Department, the Purchasing Department and the Project Department.

Mr. Wong graduated from the National University of Singapore in Singapore with a Bachelor of Engineering (Civil) Degree in June 1993. From 2017 to 2019, Mr. Wong has been a member of the Singapore Contractors Association Contracts and Practice Subcommittee of the Singapore Contractors Association Ltd. ("**SCAL**"). For the term of 2019 to 2021, Mr. Wong was the council member of SCAL and is also a member of the SCAL's Contacts & Practice Subcommittee and Manpower & Policy Subcommittee. In 2021, Mr. Wong was re-elected as council member of SCAL for another term. Since August 2022, Mr. Wong was appointed as a member of the Marsiling-Yew Tee Town Council for 2 years term.

Mr. Wong has over 28 years of experience in the construction industry in Singapore. Mr. Wong joined Kwan Yong in October 1995 as a site manager and was promoted to the position of project manager in August 1997. During this period, Mr. Wong was responsible for the coordination between the qualified persons (including architects, engineers in the projects) and clients, the management and overseeing the execution of design and build contracts, management and reviewing performance of subcontractors, and the proper documentation of variation claims and justifications. Mr. Wong was promoted to the position of general manager of Kwan Yong in August 2002 and up until May 2006, Mr. Wong was responsible for the management of project directors and project managers, the procurement forecast, the cash flow forecast, general business development, manpower planning and negotiations with subcontractors and suppliers. From October 2007 to December 2011, Mr. Wong was appointed as a Senior Resident Engineer to supervise and manage construction of research and medical school projects in the National University of Singapore. Since early 2012, Mr. Wong worked as a Senior Resident Engineer to supervise and manage the construction of the Singapore University of Technology & Design. In September 2013, Mr. Wong re-joined the Group and was appointed as a director of Kwan Yong.

Ms. Kwan Shu Ming（關曙明）("Ms. Kwan"), aged 38, was appointed as an executive Director on 8 October 2018. Ms. Kwan is mainly responsible for the finance and accounting operations of the Group, and the preparation and publication of financial statements. Ms. Kwan is a member of the Nomination Committee. Ms. Kwan is the daughter of Mr. Kwan and Ms. Tay.

Ms. Kwan graduated from the Curtin University of Technology in Perth, Australia with a Bachelor of Commerce (Accounting) Degree in September 2006. Ms. Kwan further obtained a Specialist Diploma in Building Cost Management from the BCA in November 2015. She was admitted as a member of CPA Australia since November 2015.

Ms. Kwan has over 16 years of experience in accounting and management. From November 2006 to October 2007, Ms. Kwan was employed by Ernst & Young Singapore as an audit assistant. From November 2007 to March 2010, Ms. Kwan served as a client onboarding analyst in Barclays Capital Services Limited during which Ms. Kwan was responsible for client verification, due diligence checks, and anti-money laundering review. Prior to joining the Group, Ms. Kwan operated her own business in March 2010. She became the founder of Pave Chocolates Pte Ltd which was mainly engaged in the sale of chocolates and food and was responsible for the daily operation of stores, staff management, procurement, sales and the marketing of products. Ms. Kwan then joined the Group in May 2012 as an accounts manager and in September 2018, and was subsequently promoted to the position of financial controller. Ms. Kwan is responsible for the finance and accounting operations and all areas relating to financial reporting of the Group.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Lim Ah Lay (林亞烈) ("Mr. Lim"), aged 66, was appointed as the non-executive Director on 8 October 2018. Mr. Lim is responsible for providing advice to the Board and advising on corporate governance matters. Mr. Lim is a member of the audit committee of the Company (the "**Audit Committee**") and the Remuneration Committee.

Mr. Lim obtained his Teacher's Certificate at the Temenggong Ibrahim Training College in Johor, Malaysia in April 1979. From April 1979 to April 1985, Mr. Lim was a secondary school science and mathematics teacher at Datok Lokman Secondary School in Kuala Lumpur, Malaysia. Mr. Lim was admitted as an associate member of the Chartered Institute of Management Accountants in October 1990 and became a chartered accountant of the Malaysian Institute of Accountants since November 1990. Mr. Lim has over 30 years of working experience in accounting, audit and finance. From April 1985 to June 1987, Mr. Lim worked with Ling Kam Hoong & Co., as an audit senior. From July 1987 and May 1990, Mr. Lim was the internal audit executive of MUI Finance Berhad. Thereafter, Mr. Lim joined Zalik Securities Sdn Bhd as an accountant from June 1990 to June 1991. In June 1991, Mr. Lim joined UMBC Securities Sdn Bhd and served as an assistant general manager until August 1995. Thereafter, Mr. Lim worked with ECM Libra Securities Sdn Bhd (formerly known as BBMB Securities Sdn Bhd and as ECM Libra Avenue Securities Sdn Bhd), an operating subsidiary of ECM Libra Berhad which was acquired by Avenue Capital Resources Berhad (now known as ECM Libra Financial Group Berhad) and is a company listed on Bursa Malaysia (stock code: 2143.KL), from August 1995 to June 2007. Mr. Lim's last position held at ECM Libra Avenue Securities Sdn Bhd was the executive director of operations. Mr. Lim acted as a director and head of operations for OSK Investment Bank Berhad from August 2007, where Mr. Lim was in charge of the operational activities of the principal office and all branch offices.

Mr. Lim was then appointed as an executive director of OSK Holdings Hong Kong Ltd from December 2010. From December 2010 to April 2017, Mr. Lim was an executive director of RHB Hong Kong Ltd and its subsidiaries. Mr. Lim was also a responsible officer for RHB Securities Hong Kong Limited, RHB Futures Hong Kong Limited and RHB Asset Management Limited from November 2011 to April 2017. Mr. Lim served as a consultant to JS Financial Holding Limited and its subsidiaries from May 2017 to November 2017, and was a licensed representative for JS Securities Limited and JS Futures Limited from September 2017 to November 2017. Mr. Lim has been a licensed representative of Power Asset Management Company Ltd ("**Power Asset**") and Power Securities Company Ltd ("**Power Securities**") since August 2018. Mr. Lim is a responsible officer with Power Asset since April 2018. Both Power Asset and Power Securities are wholly owned subsidiaries of Power Financial Group Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 397.HK), which is principally engaged in the business of financial services, money lending and asset management and investment.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Heng Boo（龐廷武）("Mr. Fong"), aged 72, was appointed as an independent non-executive Director on 1 April 2020. Mr. Fong is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Fong is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Fong has over 47 years of experience in auditing, finance, corporate governance, business development and management. Mr. Fong obtained a Bachelor of Accountancy (Honours) Degree from the University of Singapore (now known as the National University of Singapore) in August 1973. Mr. Fong has been admitted as a Fellow Member by the Institute of Singapore Chartered Accountants in August 2004.

Mr. Fong has been appointed as a lead independent non-executive director of TA Corporation Ltd (stock code: PA3.SI), a company listed on the Singapore Exchange, since December 2017; a lead independent non-executive director of Livingstone Health Holdings Ltd (formerly known as Citicode Ltd) (stock code: 5FH.SI), a company listed on the Singapore Exchange, since July 2018; an independent non-executive director of SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited, stock code: 6069.HK), a company listed on the Stock Exchange, since September 2018; and an independent non-executive director of Bonvest Holdings Limited (stock code: B28.SI), a company listed on the Singapore Exchange, since July 2021; an independent non-executive director of UOA Development BHD (stock code: 5200.KL) since 12 October 2021, a company listed on the Bursa Malaysia (previously known as Kuala Lumpur Stock Exchange); and an independent non-executive director of Keong Hong Holdings Limited (stock code: 5TT.SI) since 1 January 2022, a company listed on the Singapore Exchange.

From March 1999 to April 2021, Mr. Fong was a independent non-executive director of Colex Holdings Limited (stock code: 567.SI), a company listed on the Singapore Exchange. From January 2013 to December 2021, Mr. Fong was a independent non-executive director of CapitaLand China Trust Management Limited (formerly known as CapitaLand Retail China Trust Management Ltd) (stock code: AU8U.SI), a company listed on the Singapore Exchange.

Dr. Wu Dongqing（武冬青）("Dr. Wu"), aged 63, was appointed as an independent non-executive Director on 17 December 2019. Dr. Wu is responsible for providing independent advice to the Board and advising on corporate governance matters. Dr. Wu is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Dr. Wu was awarded a Bachelor Degree of Harbour and Navigation Engineering from the East China Technical University of Water Resources*（華東水利學院水港系）in the PRC in February 1982. Dr. Wu further earned a Master's Degree in Engineering from the Hohai University（河海大學）in the PRC in July 1986. Subsequently, Dr. Wu served as a lecturer in the Hohai University.

* *For identification purpose only*

Dr. Wu later obtained a Doctorate's Degree of Philosophy from the Nanyang Technological University in April 1996. Dr. Wu has over 26 years of experience in civil engineering, material science and environmental engineering. In 1994, Dr. Wu joined, and in November 1996 became a director of Instek Holding Pte Ltd, which was later renamed as Chemilink International Holdings Pte. Ltd. which principally engaged in the research and development of products and engineering solutions for civil and material engineering. Dr. Wu was responsible for the day-to-day operation and developing products for civil and material engineering. Since December 2002, Dr. Wu has been a director, the managing director and the chief executive officer of Chemilink Technologies Group Pte. Ltd., which principally engages in the R&D, manufacture and applications of advanced construction materials and engineering solutions in civil, building and environmental engineering fields and was responsible for the day-to-day operation.

Since July 2010, Dr. Wu has been a director and executive chairman of Chemilink Newsoil Engineering Pte. Ltd, which principally engages in infrastructure engineering design and consultancy services, and land reclamation works and was responsible for the day-to-day operation. Since April 2012, Dr. Wu has been a director of China Asia (S) Development Organization Pte. Ltd (formerly known as China Lianyungang (S) Development Organization Pte. Ltd.,) which principally engages in business and management consultancy services and was responsible for the day-to-day operation.

Mr. Chou Sean Yu (曹顯裕) ("Mr. Chou"), aged 52, was appointed as an independent non-executive Director on 17 December 2019. Mr. Chou is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Chou is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Chou graduated from the University of Bristol in Bristol, United Kingdom with a Bachelor of Laws Degree with First Class Honours in June 1992 and was admitted to the English Bar (Middle Temple) in July 1993.

Mr. Chou has over 27 years of work experience as a commercial litigator. Mr. Chou was admitted to the Singapore Bar in May 1994. Mr. Chou is currently the deputy managing partner of WongPartnership LLP, which Mr. Chou joined in May 1997 and is now the head of its Litigation and Dispute Resolution Department and also its banking and financial disputes practice, and a partner in the international arbitration, financial services regulatory and Malaysia practice.

Since December 2007, Mr. Chou has been admitted as a Fellow of the Chartered Institute of Arbitrators and is currently a director of its Singapore branch. Mr. Chou has also served as an arbitrator and is currently on the panel of arbitrators of (i) Asian International Arbitration Centre (previously known as Kuala Lumpur Regional Centre for Arbitration); (ii) Singapore International Arbitration Centre; and (iii) The Korean Commercial Arbitration Board.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Tang Siew Tuck（鄧兆德）("Mr. Tang"), age 58, is the general manager of the Group and is mainly responsible for the daily construction project management of the Group, and the development of operational plans for the Group's projects, which include technical proposal submissions for tendering and site implementation. Mr. Tang obtained a Bachelor of Applied Science Construction Management & Economics Degree from the Curtin University of Technology in Perth, Australia in May 1997.

Mr. Tang has over 35 years of experience in the construction industry of Singapore. Mr. Tang joined Build-Max Construction Pte. Ltd. and was a project manager when Mr. Tang left the company in July 2000. Mr. Tang joined Kwan Yong as a project manager in August 2000 and was responsible for project compliance, cost control and project planning of various projects. In July 2006, Mr. Tang was promoted to the position of construction manager and was responsible for the technical planning and overall management of various projects. Mr. Tang left Kwan Yong in February 2008. Mr. Tang then served as a general manager from February 2008 to April 2011 in Megabuilders Development Pte Ltd., which is principally engaged in general building works. Mr. Tang re-joined Kwan Yong in April 2011 and has been working as a general manager since then.

Mr. Koh Puay Hock（許培福）("Mr. Koh PH"), aged 43, is the project director of the Group and is mainly responsible for the daily project management of the Group, and the development of operational plans for the Group's projects which include tendering, execution and completion. Mr. Koh PH graduated from the Universiti Teknologi Malaysia in Johor, Malaysia with a Bachelor of Engineering (Civil-Environmental) Degree in July 2001.

Mr. Koh PH has over 17 years of experience in the construction industry in Singapore. Mr. Koh PH started his career as a civil engineer in February 2002 at Muhibbah Engineering (M) Bhd, a company listed on the Main Board of Bursa Malaysia Stock Exchange (stock code: MUHIBAH). In April 2005, Mr. Koh PH joined the Group as a site engineer and was mainly responsible for micro-planning of weekly civil work activities, manpower planning, reviewing daily progress report, site co-ordination and supervision, performing drawing discrepancies checks, coordinating with civil and structural consultants, carrying out inspection and quality checks, and ensuring the smooth progress of site work. Mr. Koh PH was promoted to the position of project manager in August 2008 and was mainly responsible for coordinating with consultants and subcontractors, ensuring project costs control, monitoring construction schedule, carrying out general site administration, planning and programming of master construction programme and conducting internal project control meetings. In March 2012, Mr. Koh PH was further promoted and has been working as a project director of Kwan Yong since then.

Biographical Details of Directors and Senior Management

Ms. Tan Mee Nak (陳美娜) **("Ms. Tan")**, aged 57, is the senior cost manager of the Group and is mainly responsible for the daily supervision of procurement process, contract management, pricing negotiation and budget preparation of the Group. Ms. Tan also provides guidance and management experience in contract negotiations. Ms. Tan graduated with a Diploma in Building Management from the Ngee Ann Polytechnic in Singapore in August 1987.

Ms. Tan has over 35 years of experience in the construction industry in Singapore. From September 1987 to March 1989, Ms. Tan was employed by Vemac Construction Pte Ltd as a technical assistant and was responsible for tendering and measurement of building construction works. Prior to joining the Group, Ms. Tan served at Evan Lim & Co Pte Ltd as a quantity surveyor from March 1989 to July 1989 and was responsible for preparing tenders and costing, reinforcing concrete measurement, subcontractor quotations, and assisting senior quantity surveyors in architectural measurement. Ms. Tan joined Kwan Yong in August 1989 as a quantity surveyor and Ms. Tan was responsible for making progress claims, monitoring vendors and subcontractors' payments, carrying out project variations and managing contracts. Ms. Tan was then promoted to the position of senior quantity surveyor of Kwan Yong in August 1997 and was responsible for project bidding, making progress claim, making bid analysis and managing contracts. Ms. Tan was further promoted in March 2011 and has been working as a senior cost manager of Kwan Yong since then.

COMPANY SECRETARY

Ms. Ng Hoi Ying (吳愷盈) **("Ms. Ng")**, aged 36, was appointed as the company secretary of the Company (the "**Company Secretary**") on 19 October 2018. Ms. Ng graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Honours) in Accountancy Degree in October 2008.

Ms. Ng has been admitted as member of the Hong Kong Institute of Certified Public Accountants since January 2012.

Ms. Ng has over 14 years of experience in accounting, auditing, finance and company secretarial matters. From September 2008 to November 2011, Ms. Ng worked at Deloitte Touche Tohmatsu Hong Kong with her last position as audit senior II. From November 2011 to October 2014, Ms. Ng worked at Asia Maritime Pacific (Hong Kong) Limited, which is a shipping company principally engaged in the international operation of a fleet, consisting of both self-owned and chartered vessels, with her last position as senior accountant. Subsequently, from October 2014 to October 2018 Ms. Ng served as a finance manager of Ngai Shun Construction & Drilling Company Limited, which is a specialist piling contractor for both private and public work in Hong Kong and is a subsidiary of Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1246). Ms. Ng joined Blooming (HK) Business Limited, which provides corporate advisory and company secretarial services, in October 2018 and is currently employed as a company secretarial manager.

Corporate Governance Report

INTRODUCTION

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

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 annual report.

Details of the deviation from code provision C.2.1 is set out in "Chairman and Chief Executive Officer" on page 27 of this annual report.

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix 14 of the Listing Rules and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended CG Code have long been adopted by the Group as our corporate governance practices over the years. These are highlighted in the following table:

New Requirements	Group's practices
Align the company's culture with its purpose, values and strategy (Code Provision A.1.1)	A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. It is the Board's role to foster a corporate culture with three core principles to guide the behaviours of its employees, and ensure that the Company's vision, values and business strategies are aligned to it. For details, please refer to "Cultures and values" section of this Corporate Governance Report.

Corporate Governance Report

New Requirements	Group's practices
Establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations (Code Provision D.2.7)	The Group's Anti-bribery and Anti-corruption Policy was introduced in May 2022. The policy covers activities such as corruption, code of conduct, guidance on gifts, entertainment and gratuities, the Group's expectations and requirements of business ethics, as well as investigation and reporting mechanism of suspected corruption practices. Any convicted cases will be reported to the Board and the Audit Committee. For details, please refer to "Risk Management and Internal Control – Anti-bribery and Anti-corruption Policy" section of this Corporate Governance Report.
Establish whistleblowing policy and system (Code Provision D.2.6)	The Group's Whistleblowing Policy was introduced in May 2022. Any convicted cases will be reported to the Board and the Audit Committee. For details, please refer to "Risk Management and Internal Control – Whistleblowing Policy" section of this Corporate Governance Report.
Communications with shareholders and annual review (Paragraph L of the Mandatory Disclosure Requirement)	The Shareholders' Communication Policy was introduced in January 2020. It sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. The Shareholders' Communication Policy is reviewed by the Board on a regular basis. The Board is committed to assessing the independence of the independent non-executive Directors annually and ensuring that independent views and input are made available to the Board. For details, please refer to "Communication with shareholders and investor relations" section of this Corporate Governance Report.
Equity-based remuneration (e.g. share options or grants) with performance related elements should not be granted to independent non-executive directors (Recommended Best Practice E.1.9)	We have a benchmarked approach in determining our non-executive Directors' fees, which does not involve equity-based remuneration with performance-related elements. The level of fees payable to non-executive Directors (including independent non-executive Directors) is also subject to shareholders' approval.

Corporate Governance Report

New Requirements	Group's practices
Annually review the board diversity policy; and disclose the mechanism(s) to ensure independent views and input are available to the board, and annual review of the implementation and effectiveness of such mechanism(s) (Code Provisions B.1.3 and B.1.4)	The Group's Board Diversity Policy was adopted by the Board in January 2020 and is subject to annual review by the Nomination Committee. The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board; details of which are explained in the section "Independent non-executive Directors" of this Corporate Governance Report.
Gender diversity targets at board level and across workforce Board level – to set and disclose numerical targets and timelines for achieving gender diversity. Workforce level – to disclose and explain the gender ratio (including senior management), any plans or measurable objectives the company has set for achieving gender diversity. (Paragraph J of the Mandatory Disclosure Requirement)	Current female representation at Board level is approximately 25.0%. Gender diversity at Board and workforce levels (including our senior management) is disclosed in this annual report.
Nomination Committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors (Listing Rule 3.27A)	The Nomination Committee, which comprises a majority of independent non-executive Directors, has been chaired by an independent non-executive Director since the Listing. For details, please refer to "Nomination Committee" section of this Corporate Governance Report.
Elaborate the linkage between corporate governance and Environmental, Social and Governance (the "**ESG**") (Introductory paragraph in the Corporate Governance Code, Principle D.2, Code Provisions D.2.2 and D.2.3)	The linkage is shown in "Focus 1: Governance and Ethics" section of this ESG Report.
Publish ESG reports at the same time as publication of annual reports (Listing Rule 13.91(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)	The ESG Report has been published at the same time as the annual report for each year since the year ended 30 June 2021.

Corporate Governance Report

CULTURES AND VALUES

Our Group's vision is to be at our best in the forefront of the industry from pre-development to completion by consistently delivering results on time-sensitive and complex projects for both public and private sector clients. The vision guides the Group to put in place efficient and effective systems to achieve the best outcomes for the projects. The best outcomes can be pursued through integration of the three pillars of sustainability values, namely environmental sustainability, social responsibility, and governance.

A healthy corporate culture across the Group is integral to attain its vision and strategy. To guide the employee and management interaction and handling of outside business transactions, it is the Board's role to foster a corporate culture with the following three core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. Culture of Integrity

Integrity underpins the behaviours of the Group's employees in working with each other and conducting business activities with business partners. The Group's Code of Conduct and Anti-bribery and Anti-corruption Policy have defined the behavioural guidelines for its employees.

For details, please refer to "Focus 1: governance and Ethics" and "Focus 4: Our People" sections of this ESG report.

2. Culture of Commitment

The Group believes that the culture of commitment to economic and workforce development, workplace safety and health, diversity, and sustainability is one where people have an internal feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work.

3. Culture of Innovation

The Group is guided by a passion for excellence and dedication to innovation and collaboration. Innovation supports and encourages creative thinking and sharing of new ideas in the workplace. The Group have strengthened its business operations by constructing sustainable buildings that are safe, innovating construction methods to increase productivity and improving workplace safety.

The Group also actively promotes responsibility for environmental leadership in all our business activities for the wellbeing of people and society.

For details, please refer to "Focus 3: Sustainable Built Environment" sections of this ESG report.

Corporate Governance Report

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 annual report.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties which include the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for the Directors and senior management officers of the Company has been maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. They report periodically to the Board their work and business decisions.

Board Composition

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

Mr. Kwan Mei Kam *(Chairman and Chief Executive Officer)*
Ms. Tay Yen Hua
Mr. Jacob Wong San Ta
Ms. Kwan Shu Ming

Non-executive Director

Mr. Lim Ah Lay

Independent non-executive Directors

Mr. Fong Heng Boo
Dr. Wu Dongqing
Mr. Chou Sean Yu

Corporate Governance Report

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The current proportion of independent non-executive Directors is higher than what is required by Rules 3.10(1) and (2), and 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders of the Company are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors and non-executive Director.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director has entered into a service contract with the Company on 17 December 2019 for a three years' term commencing from Listing Date. The letter of appointment entered on 17 December 2019 with each of Mr. Lim, the non-executive Director, Dr. Wu and Mr. Chou, the independent non-executive Directors are for an initial term of three years commencing from Listing Date. The letter of appointment for Mr. Fong commenced on 1 April 2020 for a three years' term. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the Company's memorandum and articles of association provides that any Directors who are appointed to fill casual vacancies shall hold office only until the first general meeting of the Company after their appointment, and be subject to re-election by shareholders of the Company. Any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to article 108 of the Company's memorandum and articles of association, each of Ms. Tay, Dr. Wu and Mr. Chou will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 14 December 2022. Ms. Tay, Dr. Wu and Mr. Chou, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Ms. Tay as executive Director; and Dr. Wu and Mr. Chou as independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan is the Chairman and the Chief Executive Officer. In view of the fact that Mr. Kwan is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Major operating decisions are usually discussed with executive Directors and senior management. All significant decisions 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.

In addition, Directors are encouraged to participate actively in all Board and committee meetings of which they are members, and the Chairman ensures that all issues raised are properly discussed at the Board and committee meetings, and Mr. Kwan works with the senior management to provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner. Further, the Chairman ensures that adequate time is available for discussion for all items at the Board and committee meetings.

The Board is therefore of the view that there is adequate balance of power and that appropriate safeguards are in place. Nevertheless, the Board will continue to regularly monitor and review the Company's current structure and make necessary changes when appropriate. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. All Directors attended the training course provided by Hong Kong Securities and Investment Institute. The training covered topics which include notifiable transactions and connected transaction disclosure requirements under Chapters 14 and 14A of the Listing Rules. The Group has also provided all the Directors reading materials which include the CG Code, the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to develop and refresh their knowledge and skills.

Name of Directors	Training on risk management, internal control and ESG reporting	Training on Main Board Listing Rules update for the year 2022
Executive Directors		
Mr. Kwan Mei Kam	✓	✓
Ms. Tay Yen Hua	✓	✓
Mr. Jacob Wong San Ta	✓	✓
Ms. Kwan Shu Ming	✓	✓
Non-executive Director		
Mr. Lim Ah Lay	✓	✓
Independent non-executive Directors		
Mr. Fong Heng Boo	✓	✓
Dr. Wu Dongqing	✓	✓
Mr. Chou Sean Yu	✓	✓

The Group continues to update the Directors on the latest developments of the Listing Rules and other applicable regulatory requirements, so as to ensure that the Directors are aware of their responsibilities and obligations as well as to maintain good corporate governance practices.

Corporate Governance Report

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.kwanyong.com.sg. All Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

Remuneration Committee

The Remuneration Committee was established on 17 December 2019. The chairman of the Remuneration Committee is Mr. Chou, an independent non-executive Director, and other members include Mr. Kwan, an executive Director, Mr. Lim, a non-executive Director, and Mr. Fong and Dr. Wu, independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and on the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee held one meeting to review the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 30 June 2022. No Director nor any of his/her associates is involved in deciding his/her own remuneration.

Corporate Governance Report

Nomination Committee

The Nomination Committee was established on 17 December 2019. The chairman of the Nomination Committee is Mr. Kwan, an executive Director, and other members who include Ms. Kwan, an executive Director, Dr. Wu and Mr. Chou, independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on appointment or re-appointment of Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 30 June 2022, the Nomination Committee held one meeting to review and recommend the re-election of Directors.

Nomination Policy

The Nomination Committee will reference to the Board nomination policy (the "**Nomination Policy**") adopted by the Group on 7 January 2020 for selecting and recommending candidates for directorships.

Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(c) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(d) The number of existing directorships and other commitments that may demand the attention of the candidate;

(e) Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(f) Board diversity policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(g) Such other perspectives appropriate to the Company's business.

Nomination Procedure

Subject to the provisions in the memorandum and articles of association of the Company and the Listing Rules, if the Board recognises the need for an additional Director or member of senior management:

(a) the Nomination Committee and/or Board identifies potential candidates based on the criteria as set out above, possibly with assistance from external agencies and/or advisors;

(b) the Nomination Committee and/or the Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(c) The Nomination Committee would make recommendation on the proposed candidate(s) and the terms and conditions of the appointment to the Board;

(d) The Nomination Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(e) In the case of the appointment of an independent non-executive Director, the Nomination Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time;

(f) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Re-Election of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings of the Company, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria as set out above.

The Nomination Committee and/or the Board shall then make recommendation to shareholders of the Company in respect of the proposed re-election of Director at the general meeting of the Company.

Principles

Each candidate should satisfy the Nomination Committee that he/she has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his/her position as a Director.

Evolution

The Nomination Committee will review the Nomination Policy periodically having regard to the regulatory requirements and the expectations of the shareholders and other stakeholders of the Company. It will make recommendations on amendments thereto, if necessary.

Board Diversity Policy

The Board adopted a Board diversity policy (the "**Board Diversity Policy**") on 7 January 2020.

Selection and Recommendation Criteria/Measurable Objectives

Selection and recommendation of candidates will be based on the nomination procedures and the process and criteria adopted by the Nomination Committee and a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services, personal integrity and time commitments of the proposed candidates. The Company should also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

Monitoring and Review

The Board Diversity Policy has been approved and adopted by the Board on 7 January 2020. Any revisions to the Board Diversity Policy as recommended by the Nomination Committee will be submitted to the Board for consideration and approval.

The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

In assessing potential candidates for the Board, the Nomination Committee will consider the diversity perspectives, as set out above.

As at the date of this annual report, the Board comprises eight Directors. The following tables illustrate the diversity of the Board members as of the date of this annual report:

	Age Group			
Name of Directors	**Below 40**	**40 to 59**	**60 to 69**	**70 and above**
Mr. Kwan Mei Kam			✓	
Ms. Tay Yen Hua			✓	
Mr. Jacob Wong San Ta		✓		
Ms. Kwan Shu Ming	✓			
Mr. Lim Ah Lay			✓	
Mr. Fong Heng Boo				✓
Dr. Wu Dongqing			✓	
Mr. Chou Sean Yu		✓		

Name of Directors	Professional Experience Building and Construction	Accounting and Finance	Environmental Engineering	Law
Mr. Kwan Mei Kam	✓			
Ms. Tay Yen Hua		✓		
Mr. Jacob Wong San Ta	✓			
Ms. Kwan Shu Ming		✓		
Mr. Lim Ah Lay		✓		
Mr. Fong Heng Boo		✓		
Dr. Wu Dongqing			✓	
Mr. Chou Sean Yu				✓

Audit Committee

The Audit Committee was established on 17 December 2019. The chairman of the Audit Committee is Mr. Fong, an independent non-executive Director, and other members who include Dr. Wu and Mr. Chou, independent non-executive Directors and Mr. Lim, 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.

Corporate Governance Report

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 30 June 2022, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at the Board meetings and Board committees' meetings held during the year ended 30 June 2022 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General meeting
		Number of meetings attended/held			
Executive Directors					
Mr. Kwan Mei Kam	4/4		1/1	1/1	1/1
Ms. Tay Yen Hua	4/4				1/1
Mr. Jacob Wong San Ta	4/4				1/1
Ms. Kwan Shu Ming	4/4			1/1	1/1
Non-executive Director					
Mr. Lim Ah Lay	4/4	4/4	1/1		1/1
Independent non-executive Directors					
Mr. Fong Heng Boo	4/4	4/4			1/1
Dr. Wu Dongqing	4/4	4/4	1/1	1/1	1/1
Mr. Chou Sean Yu	4/4	3/4	1/1	1/1	1/1

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring that the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Ng as the Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Pursuant to Code C.6.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Kwan, the Chairman and the executive Director as its contact point for Ms. Ng.

For the year ended 30 June 2022, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biographic of Ms. Ng is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

INDEPENDENT AUDITORS' REMUNERATION

During the year ended 30 June 2022, the Company engaged Ernst & Young LLP as its external auditors. The remuneration paid or payable in respect of audit services amounted to approximately SGD170,000 for the year ended 30 June 2022.

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange's website and on the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid-up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal place of business in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, which include financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of the relevant expertise to conduct an independent review.

The Audit Committee has reviewed the Internal Control Review Report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 30 June 2022 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the Internal Control Review Report and reviews performed by the Audit Committee which concurred with the view of the Board.

The Group has yet to establish its internal audit function during the year ended 30 June 2022 as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board have considered the Internal Control Review Report prepared by the independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

Code of Conduct

The Group adopted a code of conduct (the "**Code**") in May 2022. This Code is an important part of the Group's internal control process. This Code sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Group, its competitors, customers, suppliers, other employees and the community. This Code sets the minimum standard that the Group expects of all employees, regardless of the jurisdiction or legal entity through which the Group operates. Where appropriate, this Code can be supplemented by additional specific requirements related to a country, entity or business unit. The Code is reviewed and updated periodically to align with the industry best practice.

Whistleblowing Policy

The Board adopted a whistleblowing policy (the "**Whistleblowing Policy**") in May 2022. The purpose of the Whistleblowing Policy is to (i) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoing or concerns, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistleblowing in good faith; and (ii) to ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee or the human resource manager of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 30 June 2022 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-bribery and Anti-corruption Policy

The Board adopted an anti-bribery and anti-corruption policy (the "**Anti-bribery and Anti-corruption Policy**") in May 2022. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The Anti-bribery and Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-bribery and Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, this Anti-Bribery and Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Anti-bribery and Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

This policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders who include shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

Corporate Governance Report

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a Shareholders Communication Policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.kwanyong.com.sg;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar and transfer office of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the current shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 30 June 2022, there was no change to the Company's memorandum and articles of association.

Directors' Report

The Board hereby present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in provision of building construction works in Singapore, including new construction and A&A works. Details of the principal activities of its subsidiaries are set out in Note 1 to the financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during the year.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 7 January 2020. Subject to the memorandum and articles of association of the Company and any statutory and regulatory restrictions, in proposing any dividend pay-out, the Board shall take into account, inter alia:

- the actual and expected financial performance of the Group;
- the retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the prevailing economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- the business strategies of the Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- the current and future operations, liquidity position and capital requirements of the Group;
- the restrictions on payment of dividends that may be imposed by the Group's creditors;
- dividends received/receivable from the Company's subsidiaries; and
- other factors that the Board deems appropriate.

Depending on the financial conditions of the Company and the Group and the conditions and factors set out in the preceding paragraph, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate.

Directors' Report

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders of the Company at an annual general meeting and must not exceed the amount recommended by the Board.

The Company will continue to review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2022 and the state of affairs of the Company and of the Group as at 30 June 2022 are set out in the consolidated statements of profit and loss and other comprehensive income, Note 12 to the consolidated financial statements, and the consolidated statement of financial position, respectively, on pages 100 to 167 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 30 June 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on 14 December 2022 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 9 December 2022 to 14 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 8 December 2022.

BUSINESS REVIEW

The review of the business of the Group during the year ended 30 June 2022 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 33 to the consolidated financial statements. No important event affecting the Group has occurred since the end of the year ended 30 June 2022 and up to the date of this annual report.

Directors' Report

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for each of the five financial years ended 30 June is set out on page 168 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 June 2022 are set out in Note 14 to the consolidated financial statements of this annual report.

DONATION

Charitable donations made by the Group during the year ended 30 June 2022 amounted to approximately SGD20,000 (2021: approximately SGD50,000).

SHARE CAPITAL

Details of the Company's share capital is set out in Note 26 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 17 December 2019. The Directors consider that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix V to the Prospectus. Under the Share Option Scheme, the Directors may at their absolute discretion and subject to the terms of the Share Option Scheme, grant options to any employees (fulltime or part-time), any executive, non-executive and independent non-executive Directors, consultants and advisers of the Group, to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. The eligibility of any participants to the grant of any options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to their contribution to the development and growth of the Group.

The total number of shares of the Company issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares of the Company issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the shares in issue from time to time, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting.

Under the Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

An offer for the grant of options must be accepted in writing within 5 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HKD1. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive Director, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HKD5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The subscription price for the shares of the Company subject to the options will be a price determined by the Board and notified to a participant and shall be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of the Company's share on the date of grant of the options.

The Share Option Scheme will remain in full force for a period of ten years commencing on 8 January 2020 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders at a general meeting of the Company.

During the year ended 30 June 2022, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Directors' Report

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 34 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 30 June 2022 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISTRIBUTABLE RESERVES

Further details of the Company's distributable reserve as at 30 June 2022 are set out in Note 34 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2022, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 32.2% (2021: approximately 61.6%), while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 97.4% (2021: approximately 99.7%).

During the year ended 30 June 2022, the percentage of the Group's largest supplier was approximately 8.3% (2021: approximately 4.2%) of the total costs of sales for the year, while the percentage of the Group's five largest suppliers accounted for approximately 15.3% (2021: approximately 9.7%) of the total costs of sales.

During the year ended 30 June 2022, the percentage of the Group's largest subcontractor was approximately 7.7% (2021: approximately 5.5%) of the total costs of sales for the year, while the percentage of the Group's five largest subcontractors accounted for approximately 23.2% of the total costs of sales (2021: approximately 19.6%).

None of the Directors, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers or subcontractors.

Directors' Report

DIRECTORS

The Directors during the year ended 30 June 2022 and up to the date of this annual report were as follows:

Executive Directors

Mr. Kwan Mei Kam *(Chairman and Chief Executive Officer)*
Ms. Tay Yen Hua
Mr. Jacob Wong San Ta
Ms. Kwan Shu Ming

Non-executive Director

Mr. Lim Ah Lay

Independent non-executive Directors

Mr. Fong Heng Boo
Dr. Wu Dongqing
Mr. Chou Sean Yu

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders of the Company after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Pursuant to article 108 of the Company's memorandum and articles of association, Ms. Tay, Dr. Wu and Mr. Chou will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election in the said meeting.

Directors' Report

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the Prospectus and in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's Controlling Shareholders or their subsidiaries, during the year ended 30 June 2022.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 9 and Note 10 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the year ended 30 June 2022 falls within the following band:

Remuneration Band	**Number of senior management**
Up to HKD1,000,000	1
HKD1,000,001 to up to HKD1,500,000	2

Directors' Report

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Details of retirement benefits plans of the Group as at 30 June 2022 are set out in Note 8 to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements of this annual report, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transaction arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 30 June 2022.

MANAGEMENT CONTRACTS

During the year ended 30 June 2022, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Kwan Mei Kam (Note)	Interest of a controlled corporation	600,000,000	75%
Ms. Tay Yen Hua (Note)	Interest of a controlled corporation	600,000,000	75%

Note: Ideal Smart Ventures Limited ("**Ideal Smart**") is 100% owned by Mr. Kwan and Ms. Tay in equal shares. Therefore, Mr. Kwan and Ms. Tay are deemed to be, or taken to be, interested in all the shares of the Company held by Ideal Smart for the purpose of the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors or chief executive of the Company, as at 30 June 2022, the following entity was deemed to have interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature of interest	Number of shares held/ interested	Percentage of shareholding
Ideal Smart	Beneficial owner	600,000,000	75%

Save as disclosed above, as at 30 June 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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.

COMPETITION AND CONFLICT OF INTEREST

During the year ended 30 June 2022, none of the Directors or the Controlling Shareholders or their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any potential competition arising between the Group and the Controlling Shareholders, Mr. Kwan, Ms. Tay and Ideal Smart (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition with the Company (for itself and for and on behalf of its subsidiaries) on 17 December 2019 (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and for and on behalf of its subsidiaries) that, during the period the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/she/it or his/her/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/she/it shall (and he/she/it shall procure his/her/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition.

During the year ended 30 June 2022, the Company had not received any information in writing from any of the Covenantors in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Covenantors or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each of the Covenantors in respect of him/her/it and his/her/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Covenantors had complied with the Deed of Non-competition.

Directors' Report

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed on page 44 in the paragraph headed "Share Option Scheme" of this annual report, no equity-linked agreement was entered into by the Company at any time during the year ended 30 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information available in the public domain concerning the Company, at least 25% of the Company's issue share capital as required under the Listing Rules is held by the public during the year ended 30 June 2022 and up to the latest practicable date prior to the issue of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Director an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company for the year ended 30 June 2022 were audited by Ernst & Young LLP. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Ernst & Young LLP as auditors of the Company.

ENVIRONMENTAL, SOCIETY AND CORPORATE RESPONSIBILITY

The Group is committed to support environmental protection to ensure business development and sustainability. The Group implements green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

For details of the environmental, social and governance performance of the Group, please refer to the "Environmental, Social and Governance Report" section of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 30 June 2022.

Directors' Report

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges the importance to maintain good relationship with its employees and customers for the achievement of its short-term and long-term business objectives.

For the year ended 30 June 2022, there was no serious and material dispute between the Group and its employees, customers and suppliers.

ON BEHALF OF THE BOARD
Kwan Yong Holdings Limited
Kwan Mei Kam
Chairman and Executive Director

Singapore, 27 September 2022

Environmental, Social and Governance Report

CHAIRMAN'S MESSAGE ON SUSTAINABILITY

Dear Stakeholders,

I am proud to present our Environmental, Social and Governance ("**ESG**") report of Kwan Yong Holdings Limited (the "**Company**" or "**Kwan Yong**", and collectively with its subsidiaries, the "**Group**") for the financial year ended 30 June 2022 ("**FY2022**"). This ESG report puts together our sustainability initiatives into a single report.

Kwan Yong is cognisant that our efforts in sustainability today helps to build a better world tomorrow and is committed to building a sustainable future. In doing so, we have constantly integrated sustainable practices into our business to ensure the Group's long term success for our customers, employees and stakeholders.

The Group has witnessed the adverse impact of climate change on the building environment and foresee the potential disruptions and uncertainty that it can bring about to our business operations. Therefore, the Group has begun to prepare ourselves against these potential physical disruptions to mitigate the negative impact through the use of technology. As we begin to insulate our business against climate change, we are also proactively doing our part in minimising our impact on the environment.

In delivering our promises to our customers, we are committed to reducing our carbon footprint. We minimise our environmental impact by decreasing our reliance on traditional energy sources through the usage of renewable energy in our operations, maintaining proper treatment of sewage and wastage before disposal and upholding our role as responsible builders in keeping our environment safe for our workers and the community.

Our employees and workers are at the very core of our business and they are our greatest asset. As we learn to live together with COVID-19, we continue to ensure our workplace remains safe for our employees and workers to design, innovate and create. At each site, we have also utilised technology to help our workers to remain safe and reduce the risk of workplace safety. As a responsible corporate citizen, the Group will continue to contribute to the society through community engagement services.

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, customers, business associates, and suppliers for their continuous support and partnership.

Kwan Mei Kam
Chairman and Executive Director

Environmental, Social and Governance Report

ABOUT THIS ESG REPORT

Reporting Principles & Statement of Use

This ESG Report is produced in accordance with the Global Reporting Initiative ("**GRI**") Standards "Core" option, covering our Group's performance during the reporting period. The GRI standards were selected as it is a globally recognised sustainability reporting standard and represents the global best practices for reporting on economic, environmental and social topics. The following principles have been applied to determine the relevant topics that define the report content and ensure quality of information: a) GRI principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; b) GRI principles for defining report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness.

This ESG Report has also been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This ESG Report incorporates the general standard disclosures and Key Performance Indicators (the "**KPIs**") as set out by the "Comply or Explain" provisions of the ESG Reporting Guide.

The United Nations Sustainable Development Goals ("**UN SDGs**") have also been incorporated into this ESG Report, which highlights the Group's contributions to sustainable development.

The Board of directors (the "**Board**") of the Company (the "**Directors**") has reviewed and approved the reported information, including the material topics.

Reporting Scope

This ESG report covers the Group's entire operations in Singapore. The report discloses progress on environmental, social and governance issues from 1 July 2021 to 30 June 2022.

Restatements

There are no restatements of information made from previous reporting periods.

Assurance

Internal controls and verification mechanisms have been established by management to ensure the accuracy and reliability of narratives and data. We have also considered the recommendations of an external ESG consultant for the selection of material topics as well as compliance with GRI Standards. The Board of Directors has assessed and concluded that external assurance is not required for the Report. The Group will continue to assess the need to further enhance the credibility of our sustainability report through internal review or external assurance.

Availability & Feedback

This ESG Report supplements the Group's Annual Report 2022 and is available online at https://www.kwanyong.com.sg/en/investorrelations/finreports. A detailed section reference with GRI Standards is documented in the GRI Standards Content Index section of this ESG report.

Environmental, Social and Governance Report

We welcome feedback from our stakeholders to assist us in improving our sustainability practices. Questions or feedback on this Report can be sent to: enquiry@kwanyong.com.

OUR SUSTAINABILITY STORY AND PERFORMANCE

Our Mission

To be the preferred construction company in meeting the needs of all public or private construction projects.

Our Vision

Strive to be at our best in the forefront of the industry from pre-development to completion stage of all projects through delivering of high quality and timely completion.

Our ESG Strategy

Kwan Yong is committed to implement and integrate sustainable practices into our business operations. The Group has incorporated into our business its policies and practices to reflect our commitments towards incorporating environmental and social considerations. We endeavour to achieve the highest standards of environmental performance, pollution prevention, and minimise any adverse impacts of our operations while we diligently improve our product quality and services, and ensure workplace health and safety for our workers and employees.

The Group has developed an Environmental Management System ("**EMS**") to provide guidance for achieving sustainability objectives. The purpose of the EMS includes:

- Maximizing the potential project benefits and control potential negative impacts; and

- Complying with all relevant applicable regulations related to pollution control, waste management and environmental quality.

The Group strives to ensure that the resource consumption and adverse impact of our buildings are minimised after the completion of building construction. Integral to the Group's EMS, risk assessments on environmental impact and occupational health and safety are regularly conducted to ensure all environmental impacts of the company's operations and activities are assessed, identified and minimised. These assessments enable the Group to continuously monitor and follow up with pertinent environmental risk and hazards.

The Group has engaged an external consultant to identify key material topics that are relevant to the business and prioritised them into the Group's ESG focus. The five focus areas identified reflect our Group's pursuit for sustainable economic growth while mitigating the negative effects of climate change, protecting our environment, our people and the community built upon the foundation of the Group's strong business integrity.

Environmental, Social and Governance Report

Our ESG Focus

- Governance and Ethics
- Building Capabilities for Climate Change
- Sustainable Built Environment
- Our People
- Our Community

Contribution to the Sustainable Development Goals

The Group's business focus is aligned with the UN SDGs. The attainment of the UN SDGs is a continuing global effort and forms part of the Group's long-term focus on sustainability. The Group's contributions to the attainment of the relevant goals are highlighted below.

SUSTAINABLE DEVELOPMENT GOALS

UN SDG	The Group's Contribution	Read more in the following sections
4 QUALITY EDUCATION	Construct quality buildings to create conducive and safe educational facilities Provide training, career appraisal and development opportunities for our employees	Focus 4: Our People
5 GENDER EQUALITY	Provide equal opportunities in employment, training and career development regardless of gender	
7 AFFORDABLE AND CLEAN ENERGY	Use energy efficient equipment in our construction projects Explore the use of renewable energy where possible	Focus 3: Sustainable Built Environment

<table>
<tr><th>UN SDG</th><th>The Group's Contribution</th><th>Read more in the following sections</th></tr>
<tr><td></td><td>Build inclusive and accessible buildings and public spaces</td><td rowspan="3">Focus 3: Sustainable Built Environment

Focus 2: Building Capabilities for Climate Change

Focus 5: Our Community</td></tr>
<tr><td></td><td>Promote resource efficiency in water consumption and waste generation through efficient management and monitoring</td></tr>
<tr><td></td><td>Build adaptive capacity to respond to climate change and train key personnel to manage climate-related risks</td></tr>
<tr><td></td><td>Uphold good corporate governance and build strong work relationships with regulators and government bodies</td><td>Focus 1: Governance and Ethics</td></tr>
</table>

ESG Performance Highlights

The following section highlights our sustainability performance in FY2022.

- Zero incidents of corruptions reported

- No Workplace Health and Safety Fatalities

- Zero Complaints on Air Quality Management from Clients, Community and Regulators

Sustainability Awards and Certifications

The Group strive to exceed customer expectations by ensuring high quality workmanship while reducing our adverse impact on the environment. We continuously invest in training and technological innovation to enable us to deliver excellence in all our projects.

During the reporting period, the Group completed four construction projects and received three Construction Quality Assessment System ("**CONQUAS**") ratings from the Building and Construction Authority ("**BCA**"), with the remaining project scoring still pending. This rating recognises the architectural, mechanical and electrical and structural achievements of the projects that have been undertaken. We have been rated with CONQUAS Star ratings, with scores greater than 95, for the construction of an educational institution and a nursing home. The Group has also received a scoring of 93 points for the construction of another nursing home project during the reporting year.

In FY2022, we have won numerous accolades, awards, and certifications in recognition of our excellence in construction practices:

- ISO 14001:2015 Environment Management System, 2021-2024
- ISO 9001:2015 Quality Management System. 2021-2024
- ISO 45001:2018 Occupational Health and Safety, 2021-2024
- BCA Green and Gracious Builders Award (Excellent), 2022-2025
- BizSAFE Partner, 2021-2023
- BizSAFE Level Star Certificate, 2020-2023
- Certificate of Merit awarded in 2022 for achieving 307,642 Accident Free Man-hour
- Hazard Identification & Risk Assessment Award 2022
- SCAL Productivity & Innovation Awards 2021 (Bronze)
- SCAL Workplace Safety & Health Innovation Awards 2022 (Gold)
- Workplace Health and Safety Innovation Award 2022

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We value input from all of our stakeholder groups and use a variety of channels to engage with them and to receive their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as those external organisations that have expertise in aspects that we consider material. The feedback we receive from our stakeholders helps us to determine our material topics and identify our focus areas.

Key Stakeholders	Engagement Approach	Issues of Concern	Our Responses	Relevant Sections
Customers (end-users and developers)	Customer feedback, monitoring and enhancement of customer satisfaction	Workmanship quality	• Maintain stringent quality control processes and follow-up on customer feedback • Continued engagement with customers on workmanship quality	• Focus 3: Sustainable Built Environment
Employees	Appraisals	Occupational health and safety, development, benefits, and welfare	• Ensure that employees receive performance appraisals and career development reviews • Implement comprehensive health and safety policies and practices • Close monitoring of COVID-19 situation and comply with safety rules and regulations	• Focus 4: Our People
Suppliers	Supplier evaluation	Raw material sourcing, environmental compliance, labour laws	• Ensure thorough due diligence is conducted on supplier environmental and social practices	• Focus 3: Sustainable Built Environment
Government organisations and regulators	Ongoing dialogues, annual reports	Regulatory requirements, environmental protection, WSH, compliance with COVID-19 safety regulations	• Stay up-to-date on new regulatory requirements • Implement robust policies and procedures • Monitor the COVID-19 situation and comply with all safety rules and regulations	• Focus 1: Governance and Ethics • Focus 3: Sustainable Built Environment • Focus 4: Our People
Communities	Community service	Social welfare, environmental protection	• Evaluate and mitigate any negative impacts of business operations on the surrounding community	• Focus 5: Our Community
Shareholders	Annual reports	Economic performance, corporate governance	• Provide informative and insightful Annual Reports, Sustainability Reports and regulatory filings	• Focus 2: Building Capabilities for Climate Change • Annual Report • Corporate Governance Report

Environmental, Social and Governance Report

To identify material ESG topics and focus areas, our approach begins with gaining an understanding of the Group's overall risk environment and subsequently identifying the actual and potential impacts to our stakeholders. The significance of these impacts are assessed in relation to the key concerns raised by our internal and external stakeholders gathered during the stakeholder engagement. With the assistance of our ESG consultant, we have taken the following steps to identify and present the relevant material topics in this Report:

1. Identification: Initial selection of material topics based on the risks and opportunities to the sector.

2. Prioritisation: Material topics are prioritised in order of descending importance based on their alignment with the concerns of internal and external stakeholders including whether they are aligned with key organisational values, policies, operational management systems, goals and targets.

3. Review: Review the relevance of previously identified material topics.

4. Validation: Validate the order of disclosure for the selected material topics in the Sustainability Report with the Board.

The following table below illustrates the material topics selected and their relevance to each of the Group's operating segments. It indicates the respective focus areas where further information on the material topics can be found in this ESG Report.

Focus Area	**Material topics**	**Where the impacts occur**
Focus 1: Governance and Ethics	GRI 205: Anti-corruption	Group wide
	GRI 207: Tax	Group wide
	GRI 308: Supplier Environmental Assessment	Group wide
	GRI 414: Supplier Social Assessment	Group wide
	GRI 419: Socio-economic Compliance	Group wide
Focus 2: Building Capabilities for Climate Change	GRI 201: Economic Performance	Group wide
	GRI 203: Indirect Economic Impacts	
Focus 3: Sustainable Built Environment	GRI 301: Materials	Applicable to construction and other construction related services segments
	GRI 302: Energy	
	GRI 303: Water and Effluents	
	GRI 305: Emissions	
	GRI 306: Waste	
	GRI 307: Environmental Compliance	

Focus Area	Material topics	Where the impacts occur
Focus 4: Our People	GRI 401: Employment	Applicable to the Group's employees and workers in construction and other construction-related services segments
	GRI 403: Occupational Health and Safety	
	GRI 404: Training and Education	
	GRI 405: Diversity and Equal Opportunity	
	GRI 406: Non-Discrimination	Group wide
	GRI 416: Customer Health and Safety	Applicable to construction and other construction-related businesses
Focus 5: Our Community	GRI 413: Local Communities	Applicable to local communities impacted by construction segments

FOCUS 1: GOVERNANCE AND ETHICS

Strong corporate governance is crucial for the Group to navigate and manage key sustainability issues. The Board has overall responsibility for the Group's ESG reporting and sustainability, which is well integrated into the Group's business strategy. The Board, through the Audit Committee, also monitors and reviews the Group's corporate governance practices in its operations to maintain high standards and compliance.

The Group has also established a number of policies covering environmental and social issues to promote the integration of sustainability in daily operations. This ensures that the interests of all relevant stakeholders are well-considered when making business decisions. These policies include Green & Gracious Policy, QOHSE Policy, Code of Conduct, Anti-bribery and Anti-corruption Policy and Whistleblowing Policy. With these policies and training provided, the Group is able to better govern and manage sustainability efforts in daily operations, continue to deliver quality products and services, and contribute to the sustainable development of the Group.

Corporate Compliance

GRI 419-1

The laws and regulations that are applicable to the Group include Appendix 27 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited the Codes on Takeovers and Mergers and Share Repurchases.

Kwan Yong observes strict compliance with the social and economic laws in all jurisdictions that we operate in. Review of new regulations and updates to existing regulations are regularly conducted by our employees, our secretarial firm and our auditors. Updates are disseminated to relevant staff and processes are in place to monitor the activities and associated performance on a regular basis.

Environmental, Social and Governance Report

The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 30 June 2022. There were no incidents of non-compliance with social and economic laws and regulations in FY2022.

Sustainability Governance and Statement of the Board

The governance of sustainability is integrated into our corporate governance structure throughout the Group. The Board acknowledges its responsibility for ensuring the integrity of this ESG Report and guides the overall direction of the Group's strategies and development, including the sustainability and climate-related strategies and initiatives. The Board has collectively approved the material ESG factors and oversees the management and monitoring of the material ESG factors. To the best of the Board's knowledge, this ESG report addresses all the relevant material issues and fairly presents our ESG performance. The Board confirms that it has reviewed and approved.

The Board and senior management have assessed sustainability issues as part of the strategic formulation of the Group. Therefore, the Group has also integrated the governance of sustainability initiatives into our corporate governance structure. In implementing and integrating these sustainability initiatives, the Group has established a Sustainability Task Force (the "**Task Force**") to oversee the progress of these initiatives. The Task Force comprises of key decision-makers from the respective business functions to champion sustainability initiatives within the business operations.

- Project Director
- Deputy Project Director
- General Manager
- Workplace Safety and Health Manager
- Business Development Manager

The Group implements a comprehensive risk management framework approach in making strategic decision and day-to-day operations. The Audit Committee assists the Board in overseeing and maintaining the effectiveness of risk management and internal control systems of the Group and we integrated the process for identifying, assessing and managing material ESG related risks into our organization's overall risk management framework.

Ethics and Integrity

Anti-Corruption

GRI 205-1, 205-2, 205-3

The Group is devoted to running its business operations based on our core value of integrity. We strive to ensure honesty, responsibility and accountability at all levels of the organisation. The Group has provided a clear framework for its employees to abide to when engaging with customers, suppliers and fellow colleagues. All employees are required to comply with the Employee Code of Conduct, Policies on Conflict of Interest and Whistle-Blowing. The Employee Code of Conduct further reaffirms the Group's stance against corruption and bribery.

It is compulsory for all the employees to declare any existing and potential conflict of interest in conducting, dealing, transaction or awarding any business to a third party where the employee had direct or indirect personal vested interest in the business. Any employee who fails to declare or declare falsely may result in termination of service. The declaration of any related person working for the Company must also be disclosed. To prevent any corruption incidents from arising, we have also communicated our anti-corruption policies and procedures to all of our business partners.

We do not permit staff to accept gifts (cash or kind) or entertainment from suppliers and/or subcontractors. Employees are encouraged to exercise good judgement in declining any such offers and to report the gift-offering to the Company.

There are zero incidents of corruption and public legal cases relating to anti-corruption matters brought against the organisation or its employees in FY2022. We remain vigilant in our employees conduct towards all our stakeholders.

Please refer to the Corporate Governance Report section in this Annual Report for more information.

Whistleblowing

While management is responsible for detecting irregularities, we encourage all the employees to report to the Human Resources Department immediately any fraudulent activity or suspected commercial malpractices that might have occurred, or where that is not possible, to the chairman of the Audit Committee anonymously when they discover or suspect such activity.

All information received will be treated in the strictest confidence. Allegations of any misconduct or malpractices will be conducted justly and objectively.

Disciplinary actions will be taken where and when necessary and the outcome of the investigation will be communicated to the reporting party whenever possible.

Tax Compliance

GRI 207-1, 207-2, 207-3

The Group strictly complies with relevant tax laws and regulations in all jurisdictions that we operate in. This indirectly supports the local governments and authorities in their economic, environmental and social development and objectives.

The Group engaged an external tax services company to manage its taxation requirements in Singapore and will engage in an external tax services company in Hong Kong, when required. Kwan Yong has zero tolerance for any intentional breach of tax laws and regulations.

Suppliers Selection

GRI 308-1, 308-2, 414-1, 414-2

Beyond our operations, we assess our vendors using the Green Awareness Pre-Qualification assessment which includes environmental and social criteria to ensure that they are committed to implement environmental control measures and comply with environmental regulations. Our environmental criteria includes green certifications for their products and services and their green practices. Vendors which have environmental certification such as ISO 14001 will be preferred during the selection of new vendors.

Our suppliers and subcontractors are regularly assessed through physical inspections to ensure that they operate in an environmentally sustainable. This ensures the legitimacy of the brand and quality of their products and services. Existing vendors with negative environmental and social impacts and negative press are reviewed promptly for relationship termination.

In FY2022, there is no negative environmental and social impact in our supply chain.

Governance and Ethics Targets

		Status
FY2022 Targets		
–	Zero reported corruption/significant whistleblowing reports	✓ Met
–	Strict compliance with local environmental laws and regulations in our daily operations	✓ Met
–	Comply strictly with all safety requirements of our customers and local safety regulations	✓ Met

FY2023 Targets

– Zero reported corruption/significant whistleblowing reports
– Comply strictly with all safety requirements of our customers and local safety regulations
– Zero incidents of non-compliance with tax regulations

FOCUS 2: BUILDING CAPABILITIES FOR CLIMATE CHANGE

Climate Risk Management

GRI 201-2, 203-2

The Group is aware of the potential financial risks that we are exposed to as a result of climate change. The Group recognises that climate change is increasingly a material risk for the Group's business and will continue to implement initiatives to mitigate the potential risk and pursue opportunities arising from climate change.

Physical Climate Risks

Physical climate risks, which are risks related to abnormal or extreme weather conditions such as erratic weather, heat waves and flooding. Such events can potentially result in financial and operational impacts by preventing building activities, delaying construction and damaging infrastructure. As a result, the Group has adopted technological advancement to mitigate these risks.

Prior to starting any projects, the Group will conduct on-site assessments of the land to ensure minimal disruptions caused by external environmental hazards such as flash flooding from monsoons. This helps to pre-empt and prevent any delay in construction projects and ensure that our employees are protected against such physical climate. Additionally, to minimise supply chain disruption due to extreme weather, the Group procures all construction materials from Singapore suppliers. This reduces the uncertainty in receiving the materials for construction. These initiatives help to reduce the physical climate risks faced from erratic weather changes and prepare Kwan Yong in mitigating physical climate risk due to climate change.

Transition Climate Risks

Transition climate risks are risks resulted from the transition to a lower-carbon economy. Such risks arises from an increasingly stringent government regulation on business activities to reduce operational carbon emissions as well as technology developments to move towards greener construction. In mitigating transition risks, the Group has implemented multiple initiatives to tackle transition climate risks within our value chain.

Within the value chain, the Group ensures that our operations comply strictly with the laws and regulations in all countries we operate in. Our ISO14001 certified environmental management system ensures that the Group is well prepared to address environmental issues and implement measures to reduce our carbon footprint. In addition, The Group has also been actively promoting energy conservation to reduce electricity and fuel consumption which can lead to cost reduction. As such, we have implemented an Energy Consumption Guideline to minimise our energy consumption and analyse our energy usage at all construction sites to monitor electricity consumption and reduce our carbon footprint.

Beyond our immediate operation, the Group ensures that we procure materials that are sustainable and assesses vendors using environmental and social criteria to ensure that they are committed to implement environmental control measures and comply with environmental regulations. The adoption of Mass Engineered Timber ("**MET**") construction highlights our Group's commitment in mitigating transition risks. MET construction aids in engineering wood products with stronger structural integrity and these building components can be prefabricated off-site and assembled on site which reduces new materials from being used.

The Group is optimistic in adopting new initiatives as we navigate the physical and transition risks posed by climate change.

FOCUS 3: SUSTAINABLE BUILT ENVIRONMENT

Kwan Yong endeavours to innovate, design and construct sustainable buildings that focus on protecting users' safety, as well as reducing environmental impacts in the construction and operation of the building. The Group's sustainable construction strategy is aligned to the Singapore Green Plan 2030 which will present opportunities for sustainable projects and increase the demand for sustainable practices in construction.

We are committed to complying with all Quality, Occupational Health & Safety and Environment ("**QOHSE**") requirements and continual improvement through the following principles:

Quality	Occupational Health & Safety	Environment
• Competitive Pricing • On-schedule Delivery • Excellent Quality	• Prevention of Injury • Prevention of ill Health • Manage and Reduce OHS Risk/ Security Risk through Effective Risk Management	• Conservation of Natural Resource • Prevention of Pollution/ Nuisance • Management of Waste • Promotion of Environmental Awareness and Performance

Furthermore, we have consistently applied our Green & Gracious Policy to promote responsibility for environmental leadership in all our business activities. Regular briefing sessions for Green Campaigns are conducted to raise awareness and educate our staff, workers, vendors and subcontractors on the Company's Green and Gracious Policy and the importance of environmental conservation.

Our commitment to protecting the environment and the conservation of energy and natural resources include:

– Implementing training programs for staff and workers to raise environmental awareness

– Developing campaigns to manage and minimise waste and air pollution, health and safety risks

– Ensuring responsible and efficient use of energy and water, as well as reusing and recycling construction materials

– Conserving natural resources by adopting pollution prevention practices

– Measuring the environmental impact and setting objectives/targets for continual improvement

– Encouraging suppliers and subcontractors to adopt our Green and Gracious principles

In raising awareness on the importance of environmental conservation, the Group has conducted regular talks and Green Campaigns to educate our employees, workers, vendors and subcontractors on our Green and Gracious policy. The Group also regularly assesses our subcontractors and suppliers to ensure they engage in sustainable practices. Kwan Yong complies strictly with Singapore environmental laws and regulations in our daily operations.

During the reporting period, Kwan Yong did not receive any complaints or breached any Singapore environmental laws and regulations.

User Safety

GRI 416-1, 416-2

The Group strictly upholds our QOHSE Policy to achieve quality deliverables and services. The Group will review its QOHSE management and performance to ensure the Policy remains relevant to be implemented and performed. In alignment with the Policy, we also continuously refine our business operations and processes to meet the QOHSE objectives and targets.

To date, our QOHSE Policy emphasise on having a customer satisfaction monitoring plan to ensure we provide quality services to our customers. Collection of customer's data through customer engagements and feedback forms are crucial to analyse and identify root causes of any dissatisfaction or problem. Effective corrective actions are promptly taken to prevent reoccurrence.

With the continuous refinement of business operations and insights derived from the customer feedback loop, we commit to deliver the highest quality and standard to our developers, buyers, and end-users, as well as government authorities and agencies. We comply strictly with all safety requirements of our customers and safety regulations

Sustainable Construction

Kwan Yong ensures that all construction projects are conducted responsibly and sustainably which complies with Singapore environmental regulations and requirements. To minimise our impact on the environment and reduce the use of natural resources, we have implemented environmental policies such as our Green and Gracious policy to achieve sustainable construction objectives.

Our recently completed institutional project highlights our commitment to this objective. Some of the materials used in the construction of the project have been certified by the Singapore Green Building Council and The Singapore Environment Council. For water efficiency, a majority of the appliances installed such as taps and mixers have been given the highest efficiency rating by the Singapore Public Utilities Board. Our employees and business partners have also undergone training to gain the knowledge and skills required to participate in Green Building projects.

Energy Conservation

GRI 302-1, 302-3, 302-4, 307-1

The Group is aware of the intensity of energy consumption from construction operations and the potential impact on the climate. Promoting energy conservation can lead to cost reduction through the reduction in electricity and fuel use. As such, we have implemented measures and policies to minimise our energy consumption to reduce our carbon footprint.

At Kwan Yong, we analyse energy usage at all construction sites to monitor electricity consumption. Regular maintenance and repairs are scheduled to maintain optimal engine performance which reduces fuel consumption. We make conscientious decisions to play our part in energy conservation efforts to control energy consumption and reduce wastage.

The Group has developed an Energy Consumption Guideline to minimise the adverse impact of our operations on natural resources, specifically diesel, fuel, and electric energy consumption. This guideline applies to all project managers, site workers and subcontractors. We monitor the energy consumption data to minimise energy wastage at our construction projects. In FY2022, the Gross Floor Area of all 4 completed construction projects was 89,575 m^2. The total energy consumption and energy intensity ratio for all completed projects in FY2022 are as follows:

Total Energy Consumption (kWh)	Energy Intensity Ratio (kWh/m^2)
1,146,338	12.8

As the Group is aware of the negative impact of Greenhouse Gas emissions on the environment, we wish to start monitoring the emissions of our energy consumption to reduce the environmental impact of our operations and we hope to achieve carbon neutrality in the shortest time possible. In FY2022, our total carbon emission for all completed projects was 2,590 tCO_2e. Our carbon footprint includes: 2,122 tCO_2e Scope 1 emission and 468 tCO_2e of Scope 2 emissions. Scope 1 carbon emissions refers to all fuels used directly by our companies while Scope 2 carbon emissions refers to all purchased electricity used on-site.

Our Construction Management include the following energy conservation measures:

Increase Energy Efficiency
- Use of "Energy Star Label" 3-in-1 photocopier machine, desktop CPU and laptops
- Use of energy efficient electrical appliances and equipment with Singapore Green Label

Reduce Energy Usage
- Use of T5 Lighting with Motion Sensor to minimise electricity wastage

Use Sustainable Energy
- Use of solar panel on site and off site to promote usage of renewable energy

Solar panels used for real time noise monitoring

The Group has increasingly utilised renewable energy through solar panels to supply electrical energy for real time noise monitoring of workplaces, workers rest areas as well as CCTV and biometrics systems. To reduce our reliance on traditional electricity sources, solar panels are also used at areas where electricity may not be easily accessible to power Total Suspended Solids ("**TSS**") monitoring at the project's site.

Thus far, Kwan Yong has actively implemented solutions that have enabled us to mitigate the physical and transition risk at our project sites and decarbonise our business operations.

Emissions Management

GRI 305-2, 305-4, 305-5, 305-7, 307-1

Machinery and mechanical plants used in the Group's business operations can generate air pollutants such as dust and exhaust. To protect our workers, the residents living in the vicinity and the environment, we target to minimise and control dust, fumes and smoke generated at construction sites to a tolerable level. Contractors and workers are adequately trained on the consequences of air pollution on human health and the environment, and they are instructed on the operation and maintenance of equipment to preserve air quality on site. Earth Control Measure ("**ECM**") practices ensure the TSS adhere to the regulatory requirements before being discharged into the public drains.

We comply strictly with Singapore laws and regulations on greenhouse gas emissions in our daily operations.

Dust Management

All our activities involving excavation or disturbance of soils have preventive and physical controls in place to minimise the generation of dust and reduce its release into the atmosphere.

Exhaust Management

All operations of plants and equipment must comply with local regulations, and maintenance and servicing must be performed regularly in accordance with manufacturing guidelines to ensure that any exhaust or other emissions generated are within standard specifications.

Good Housekeeping
- Chemical substances with low vapour pressure shall be stored under tight lids
- Storage facility should be well ventilated to prevent excessive accumulation
- Sand and aggregates should be kept in proper enclosed pits and covered
- Cement to be stored in proper enclosures and covered instead of storing in the open
- All construction debris should be properly stored and removed for disposal
- Paved wash bay is to be provided for washing of vehicles before leaving worksite
- Washings from the wash bay should be channelled to a slit trap

Control and Maintenance
- Regular servicing and inspection of the generator to prevent air pollutants
- Ensure vehicles transporting earth, debris, sand materials are not overloaded and fully covered with canvas
- Water spraying to be carried out regularly to minimise dust pollution
- Slit fences shall be erected around the structure for demolition and hacking work
- Slit fence to be inspected regularly to rectify any wear and tear

Education and Training
- Site Environmental Control Officer ("**ECO**") shall provide necessary training for all workers on site before the start of the project and when required to ensure proper operation of machines

Regular inspection and monitoring allows for defects and issues which have an impact on the environment to be discovered and addressed promptly. The ECO educates workers on equipment maintenance measures to prevent air pollution and conducts weekly inspections to ensure control and compliance with Singapore environmental standards and regulations. Posters regarding the exposure to harmful substances are displayed at site; to remind workers of its effects and the need to keep containers of chemicals and oils closed.

Air quality monitoring is performed in the event of suspected air pollution or toxicity.

Water and Effluents Management

GRI 303-1, 303-2

Responsible water management is part of Kwan Yong's objective of minimizing any project activity impacts on the water ecosystem. We are determined to contribute in furthering the Singapore Government's water policy. Our Water Pollution Control measures minimise pollution of surface water, public sewer and rain water drain to prevent water pollution. For all project sites, regular housekeeping of the wash bay are carried out in accordance to each site schedule. This maintenance of the wash bay removes excessive silt to prevent accumulation of silt resulting in silty discharge into public drain. Silt fences are provided to prevent accumulation of silt in the temporary drains.

Our sewerage system ensures all wastewater generated at the construction site are properly treated and disposed of. We have engaged licensed sanitary plumbers to design sanitary and water supply for all worksites which include site office, canteen, and workers' quarter. We implemented a TSS panel to monitor the turbidity of discharge into the storm water drainage system to ensure that TSS does not exceed 30 mg per litre of trade effluent.

In reducing our water consumption, we have implemented water conservation awareness programmes within each worksite and monitor closely the daily water usage at all project sites. We have also installed durable service pipes at worksite to minimise leakage and regularly conduct leak detection test to identify and repair leaks and overflows. We utilise recycled water from filtrated systems for the wash bay, watering of plants and cleaning. Real-time monitoring of water consumption data was implemented to ensure there is no water wastage in our construction projects.

The total water consumption and intensity ratio of all 4 construction project are as follows:

Total Water Consumption (m^3)	Water Intensity Ratio (m^3/m^2)
108,444	1.2

Due to limited water resources in Singapore, it is essential to monitor and regulate the water quality carefully to keep Singapore's waterways clean. Soil pollution must also be controlled, as pollutants in the soil can enter the water system as run-off or groundwater.

Water pollutants from construction activities include solid waste, sand, hydrocarbon and solvents, termite control chemicals, acids and alkalis and lead-based paints. These pollutants can cause environmental impacts such as the siltation of open drains preventing the flow of rainwater to reservoirs, flooding, and the death of aquatic life.

To minimise water pollution, we recycle all treated water at all project sites. Our drainage facilities are approved by local regulations and designed to regularly clean and ensure that effluents are properly treated before discharging into drains or canals. In addition, we provide training to workers on proper waste management during operations, including maintenance of machinery and equipment, storage of materials and spill control.

Effluents Management
- Provision of silt fences for temporary drain are made
- Discharge of sewage or other untreated wastewaters must be treated before entering the drain
- All vehicles must be free from mud, slit or any waste before leaving site
- Regular cleaning and maintenance of silt traps, concrete lined perimeter cut-off drains, silt fences and other facilities
- Design of sewers must cater to the number of occupants and duration of construction
- Silt-laden water and mud slurry flow through silt traps, sedimentation tanks and other facilities for removal of silt before discharging into drains and canals
- The surface where oil and diesel is delivered and handled must be impermeable and not connected to water drainage systems to prevent oil spills

Good Housekeeping

- Proper storage of building materials, chemicals and fuels
- Proper maintenance of machinery, equipment and vehicles

Good Storage

- Secondary containment to prevent spillage or leakage from entering land water surface drains
- Provision of spill control kit, collection sumps and facility for pumping out the spilled contents
- Greases and lubricants should be stored in appropriate containers such as drums, tins with close covers and bunded with curbs to prevent spillages or leakages from entering the ground or drains
- Old unusable oil in an oil drum should be stored in secondary containment for collection and recycling
- No empty oil and diesel drums should be dumped outside of the secondary containment area
- No full or empty oil drums or other containers should be stored directly on unprotected soil

Good Maintenance

- Regular maintenance of wash bay to remove excessive slit from the wash bay
- Maintenance of slit and drainage are conducted as per site schedule
- Damages to temporary sanitary pipes are monitored through regular inspection

Waste Management

GRI 301-2, 306-1, 306-2, 307-1

Waste management is important to Kwan Yong as it can impact the community surrounding the project sites. The Group is committed to manage construction wastes and ensure proper disposal. We understand that our business operations generate large amounts of hazardous and non-hazardous wastes, mainly construction debris such as timber, metal, and industrial waste. Waste that can be repurposed for additional uses provide cost reductions for the Group.

In reducing unnecessary wastage of raw materials used in our construction projects, we use recycled and sustainable materials for site applications during the construction stage, such as recycling waste concrete for road curbs and recycled steel for drains. We reuse and recycle raw materials wherever possible and store the raw materials properly to ensure durability and avoid damage. We monitor closely our raw materials usage at all project sites and analyse consumption data to mitigate the risk of resource wastage by implementing corrective measures in a timely manner.

Consequently, the Group has implemented a Waste Management Plan covering pre-construction, construction, and post-construction phases to ensure that construction wastes are reused and recycled where possible. Hazardous construction wastes must be properly segregated, stored and disposed of at all project sites to reduce the risk of mishandling hazardous waste. In FY2022, no hazardous waste was generated across our construction projects.

Waste disposal methods for hazardous and non-hazardous waste are detailed and communicated. The ECO conducts regular monitoring and inspections to ensure proper waste management at all construction sites. We comply strictly with Singapore laws and regulations on waste generation in our daily operations.

Reduce

- Usage of computer software for estimating quantities required accurately
- Adopted just-in-time ordering to avoid surplus orders
- Order accurately to minimise wastage
- Designated central areas for storage of reusable items
- Encourage designs that results in lesser wastage

Reuse

- Empty diesel containers, classified as toxic industrial wastes, are labelled with hazard warning sign and collected by supplier for reuse
- Salvaging and Coordination unused materials for sharing of unused materials at other locations.

Recycle

- Designated in-charge to monitor and ensure effective recycling system on site
- Return unused materials
- Materials for recycling must be kept clean, dry and segregated from other materials or waste

Manage

- Refuse areas must be kept clean and all containers of toxic materials such as solvent and paint must be kept closed
- Wastes must be segregated into general waste and industrial wastes

Disposal

- Food wastes must be cleared daily regardless of the quantity of waste

To encourage recycling of materials, we segregate our resources into timber, hard-core, steel, and non-recyclable/non-reusable waste. Timber are recycled and reused while steel is sent to the scrap yard and non-recyclable waste is disposed. In FY2022, the Group has recycled 159.9 tons of scrap metal to reduce material wastage. Additionally, the Group has repurposed and reused obsolete round metal bars, used for railings, to make clothes hanger for workers at the dormitory.

Pre-trainings are conducted regularly to ensure that our workers and contractors are educated on the impacts of improper waste disposal on their health and the environment. Instruction posters on proper disposal methods are displayed at disposal centres and bin areas on site. This ensures that the workers and contractors are able to help manage waste on-site. We monitor the waste generated to ensure proper waste management in our construction projects.

ENVIRONMENTAL TARGETS AND PERFORMANCE

FY2022 Targets	Status	Performance Update
Energy Reduce energy intensity by implementing cost-effective energy management initiatives at all project sites	✓ Met	Achieved average energy intensity of 12.8 kWh/m^2 through the implementation of cost-effective management such as usage of recycled water for site washing and installed energy saving fittings.
Improve resource efficiency by prolonging the useful life of equipment and fuels	✓ Met	Regular maintenance of tools and equipment and provided proper training to the workers to prevent misuse.
Waste Management – Reuse materials on site and increase percentage of waste recycled	✓ Met	The Group uses demolition material for on-site construction access and used recycled paper for printing use and recycled water for washing bay and plant watering.
– Evaluate and select suppliers regularly based on environmental criteria	✓ Met	Evaluated suppliers and subcontractor based on environmental criteria.
Water – Reduce water consumption	✓ Met	Reduction of 21% on budgeted water usage
Air Quality – To achieve and maintain 95% clean air at worksite	⊙ Data unavailable	The Group did not receive any complaints from people living around the site, client, consultant and NEA.
– Improve air quality by using fuel-efficient new machineries and well-maintained engines	✓ Met	Regular maintenance of tools and equipment and provided proper training to the workers to prevent unnecessary pollution
– Adhere to air quality controls when requested by clients	✓ Met	The Group has implemented air quality control on site such as using fuel efficient and well-maintained machineries. No complaints were received from clients and the community on air quality.
FY2023 Targets		
Energy – Reduce energy intensity by implementing cost-effective energy management initiatives at all project sites		
– Improve resource efficiency by prolonging the useful life of equipment and fuels		
Reduce/Reuse/Recycle – Reuse materials on site and increase percentage of waste recycled		
– Evaluate and select suppliers regularly based on environmental criteria		
Water – Reduce water consumption		
Air Quality – No instances of complaints from community, client and National Environment Agency		

FOCUS 4: OUR PEOPLE

At Kwan Yong, we understand the importance of our employees and workers, which drive the quality of projects and services that we offer to customers. Raising the capabilities of our people will build the Group's capacity to adapt to changes in the construction industry and government regulations. To achieve this, the Group provides transparent and comprehensive career progression guidelines and upskilling opportunities through on-the-job training. To safeguard the long-term health and safety of our employees, adequate safety policies and measures have been implemented to ensure the safety of staff and workers on site. Our policies and operations are in strict compliance with Singapore labour regulations.

Safety against COVID-19

GRI 403-1, 403-4,403-6,403-8

As the world learns to live with COVID-19, Kwan Yong has also slowly and carefully taken appropriate steps for workers and employees to return to work. Split teams arrangement and staggered working and lunch hours are implemented to allow our employees and workers to return to work while reducing the risk of transmission. Physical rest areas are segregated to prevent large congregation at a single place.

With the easing of COVID-19 regulations, more workers and employees are allowed to return to the project site. Kwan Yong has carefully planned and managed the number of workers allowed back on site by assigning workers to a designated zone to complete the tasks. At each zone, the Group has prepared the necessary sanitation items such as hand sanitisers and wash basins for the workers to utilise. Rest areas and toilets are prepared for each zone to ensure that the workers stay within their designated area to reduce the risk of cross transmission with other zones. For corporate employees, we continue to utilise digital communication tools such as Microsoft Teams and Zoom for project meetings with our internal and external stakeholders. Where necessary, we also communicate online for Quality Inspections and Quality Assurance to ensure satisfactory and quality work for our clients.

At the dormitories, we have also implemented measures to ensure we support the workers physically and mentally during this tough times. Similarly, we have implemented physical social distancing at the dormitories and segregated the workers into smaller zones. This aims to reduce large groups of workers congregating together. Mask wearing is also made mandatory whenever they are outside of their living quarters. The Group has also ensured that we provide them with Wi-Fi and sufficient electrical points for the workers to contact their families online during this trying period. Meals are packed individually for workers to consume and no sharing of food is allowed.

In FY2022, the Group was fined for workers breaching the mandatory mask wearing regulation on the project site amounting to SGD1,000. Since then, we have raised greater awareness and implemented more frequent checks to ensure our workers are well-protected against COVID-19.

Occupational Health and Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Kwan Yong is committed to protecting the health and safety of our employees and workers. Our health and safety system are compliant with regulatory requirements and implemented based on ISO 45001 standard. Our safety practices include:

- Enhancing on-site security with digital tools. Digital face scanning for entry to construction sites, QR code system for different entry zone at project site

- Identifying and managing workplace hazards by integrating Permit-to-Work (PTW) systems with the mobile Office application

- Conducting risk assessments to identify hazards and implementing effective risk control measures, including halting work to ensure that risks identified are minimised or mitigated

- Adequate implementation of safety measures in the use of any machinery, equipment, plant, article, or process at the workplace

- Developing and implementing emergency response plans

- Ensuring workers are provided with sufficient instructions, training, and supervision so that they can work safely

We provide training on WSH to our employees on an annual basis. The Group also encourages and incentivises employees to engage in safety practices by presenting safety awards to employees who diligently observe safety measures. Workers are continually engaged in the development and improvement of the WSH program. To promote the health and wellbeing of our workers, medical claims are available to workers in the event of any work-related injuries.

In FY2022, there were 6 reportable safety incidents with no work-related fatalities involving our employees. As a result, there were 55 lost days due to work injury. This has spurred the Group to innovate and create a safer workplace for its workers and employees.

In addition to the widely adopted Prefabricated Prefinished Volumetric Construction ("**PPVC**"), the Group has also integrated innovative construction technology such as utilising pre-casting façade wall to replace the lightweight prefabricated wall and using steel frame structure with precast hollow core slab which greatly increases the worker's productivity. In addition to PPVC, the Group has also adopted the use of MET in our building construction. MET construction increases the workers' productivity as it uses the dry construction method of installation and reduces up to 35% of manpower on-site. The high strength-to-weight ratio allows workers to handle the components with ease as compared to working with steel and concrete. This technology reduces the workers exposure to workplace injuries. We have also utilised equipment and machinery to replace the traditional external scaffolding such as the mast climber platform, boom lift & scissor lift to carry out external plastering and painting works. This reduces the risks of workers falling from heights.

The Group continues to utilise technology to ensure that all employees are protected from occupational hazards and operate in strict compliance with workplace safety laws and regulations.

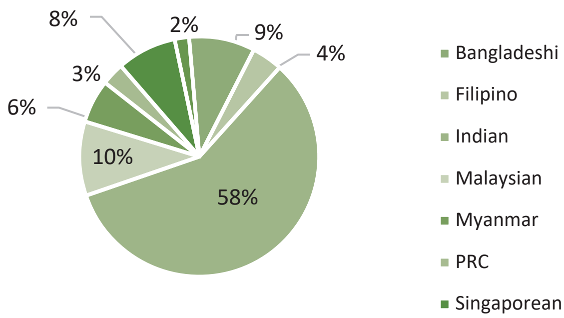
Environmental, Social and Governance Report

Our Workforce

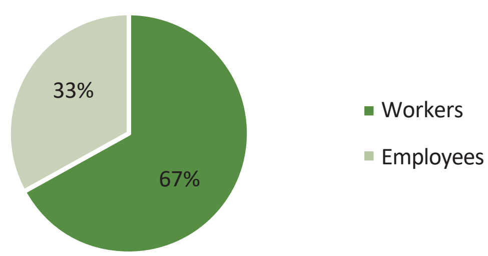
GRI 405-1

At Kwan Yong, we believe in inculcating a harmonious environment that is conducive to our diverse workforce, enabling them to bring the best service and construction quality to our customers. We embrace diversity and hire employees based on their merits and there is no discrimination in the hiring process. The Group recognises that the construction industry is largely male-dominated and we will continue to strive for greater gender diversity to increase the female-to-male ratio in our workforce. Our total staff strength stood at 354 as at the end of FY2022.

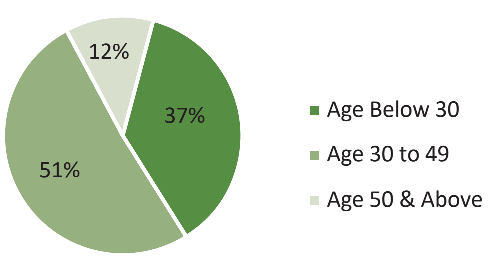
Our Workforce by Nationality



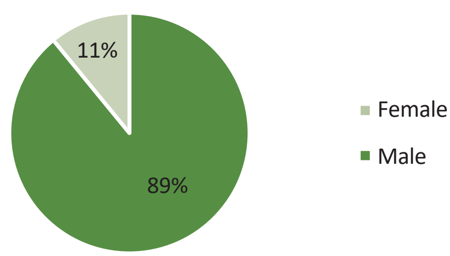
Our Workforce by Employment Type



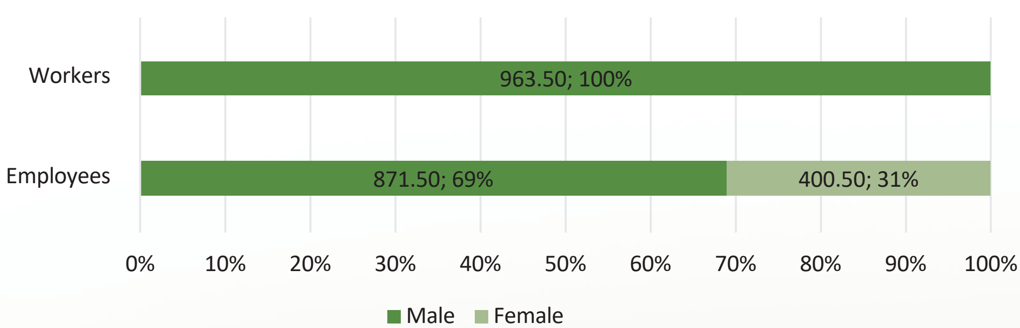
Our Workforce by Age Group



Our Workforce by Gender



Number of training hours by Gender and Employee Category

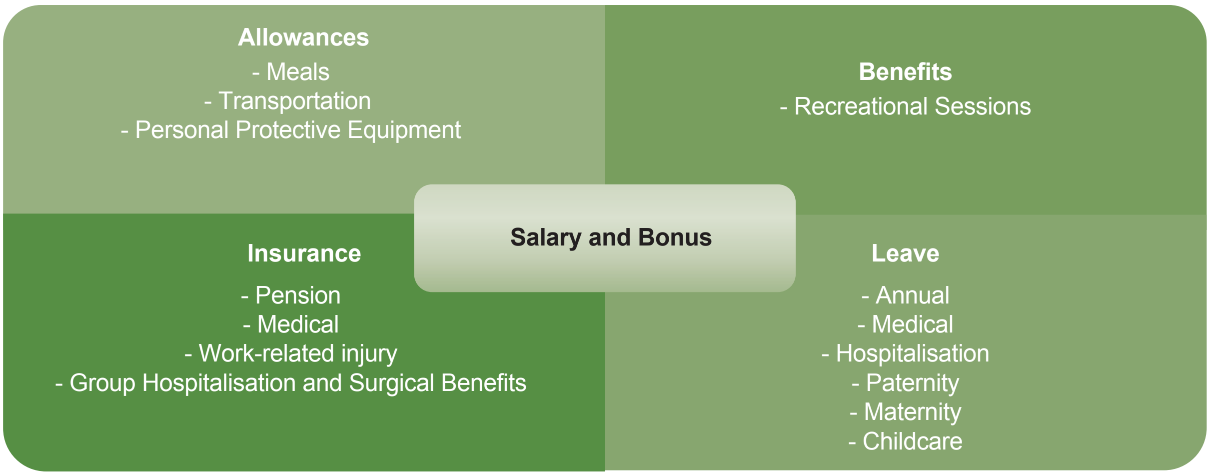


Benefits and Employee Retention

GRI 401-2, 401-3, 404-2, 404-3, 405-2

Kwan Yong strives to offer fair remuneration for all employees regardless of gender, age, or nationality. We value our employees and offer them with competitive and fair remuneration as well as employee benefit packages that commensurate with their experience, performance, and job responsibilities.

In recognition of the contributions of our employees to Kwan Yong, their welfare is of the utmost importance to us.



Our employees' health and well-being is important to us, Kwan Yong has enhanced our workers' housing and living conditions and all full-time employees are entitled to medical benefits and well-being programs that promote teamwork, interactions, and good health among employees. During FY2022, 16 employees were entitled to parental leave and 14 employees took parental leave.

The Group strives to be competitive in providing benefits and career support to the employees. We perform regular employee development review to align the career interests of our employees with the Group's performance and to retain talent. We ensure that employees are multi-skilled and equipped with the appropriate technical skills to perform proficiently at their jobs and adapt to organisational changes in the Group. In FY2022, 100% of our employees received performance appraisals.

We aim to create a culture of continuous learning where employees are able to control and oversee their personal development. Therefore, we provide equal opportunities to our employees to grow their careers through financial support and career guidance. Despite COVID-19 restrictions, the Group has continued to provide our employees with trainings online, where possible, and enrolled our workers for mandatory COVID-19 courses. In FY2022, our employees clocked 1,272 hours in total, averaging to 10.8 hours/employee while our workers clocked 963.50 hours of training, averaging to 4.08 hours/worker.

The Group reviews, monitors and designs its training and development curriculum to develop and diversify their skillsets to improve their job performance and productivity. This includes active involvement in various projects, attending training courses, conferences and seminars, work shadowing, formal study, coaching and mentoring.

We endeavour to achieve the following through effective training and development include:

- Higher standards of work performance
- Exchange of ideas and disseminate good practice
- Effective management and implementation of change
- Encouragement of team spirit
- Increase motivation and job satisfaction
- Greater understanding of the Group's business.

Social Compliance

GRI 406-1, 408-1, 409-1

The Group takes a zero-tolerance stance towards any form of discrimination. We do not discriminate based on gender, ethnicity, nationality, age, religious belief, disability, or marital status and complies strictly with all labour and socioeconomic regulations.

The Group complies with strict Singapore employment laws by implementing face recognition digital access at our sites to prevent illegal workers from entering or working at our premises and conducting random checks on site. The Group does not employ minors or offer apprenticeship to comply with Singapore employment laws. This ensures that all employees have the necessary visas, work permits, specific registrations, licenses, and qualifications before commencement of work.

In FY2022, there was no incident of child labour and forced labour and employee discrimination.

Environmental, Social and Governance Report

Human Capital Targets

FY2022 Target	Status	Performance Update
– To achieve zero incidents of COVID-19 transmission	Refer to performance update	The Group has been affected by the COVID-19 outbreak in Singapore. In line with government regulations, the Group has decided to set realistic goals of controlling the transmission of COVID-19
– To achieve 100% vaccination rate for all employees	✓ Met	Achieved a vaccination rate of 100%
– Full compliance with COVID-19 safety regulations	✓ Met	Achieved 100% compliance with COVID-19 site safety regulations
– All new site personnel to go through safety induction trainings	✓ Met	Achieved 100% compliance with all site new site personnel to undergo safety induction training.
– Sub-contractor to conduct daily toolbox meeting which includes WSH matters	✓ Met	Sub-contractor conducted daily toolbox meeting which includes WSH matters
– Conduct refresher trainings at least every 6 months	✓ Met	Bi-annual refresher training were conducted. 1) Scissor lift refresher training 2) Boom lift refresher training 3) Refresher Safety Induction Training
– To ensure zero workplace fatalities	✓ Met	Achieved 100% compliance with no work-related fatalities
– Zero incidence of non-compliance with employment and labour laws and regulations	✓ Met	Achieved 100% compliance with employment and labour laws and regulations
FY2023 Targets		
– To achieve 100% vaccination rate for all employees		
– All new site personnel to go through safety induction trainings		
– Sub-contractor to conduct daily toolbox meeting which includes WSH matters		
– Conduct refresher trainings at least every 6 months		
– To ensure zero workplace fatalities		
– Zero incidence of non-compliance with employment and labour laws and regulations		

FOCUS 5: OUR COMMUNITY

Kwan Yong is committed to contribute to the community. We look for opportunities to make impactful contributions to the communities that are within our organisational capacity. This has improved the Group's social branding and recognition as a responsible and sustainable construction business.

We are aware of the impacts that our operations bring to the community. In minimising any inconvenience or negative impacts to the community, we engage in open communications with the surrounding community of our project sites for feedbacks and complaints. Safety measures have been implemented near the vicinity of all project sites to minimise security concerns for the residents. Such measures provide adequate lighting in walkways and proper signage, safety nettings and catch platforms at all project sites. We also ensure that our vendors implement best practices in mitigating possible inconveniences to the public caused by construction work.

Kwan Yong complies strictly with Singapore regulations on noise and vector control.

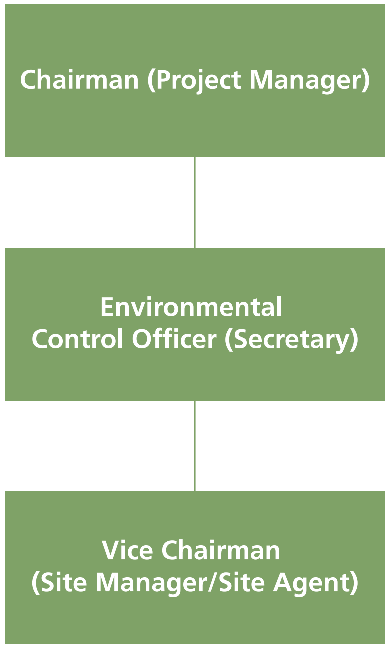
Noise Management

GRI 413-2

The Group implements adequate noise pollution control measures to minimise the impact of noise pollution on the workers and residents living in the vicinity of the construction sites. All noise and vibration related impacts on surrounding occupants must be assessed with mitigation measures put in place where required. Additionally, we ensure that all plants and equipment comply strictly with regulatory requirements and are serviced regularly to ensure that the noise generated is within the acceptable standard. Sound barriers are installed around noisy parts of the machinery.

Kwan Yong's commitment in reducing noise pollution is reflected in the constitution of a Noise Control Committee. The Committee is chaired by the Project Manager alongside the Environmental Control Officer and Site Manager. The Committee recommends noise standards for construction equipment and aims to

- Ensure all projects abide by noise activity within permissible limits
- Planning and scheduling of noise polluting activities
- Implementation of noise control initiatives



- Architectural Coordinator
- M&E Coordinator
- Site Engineer
- Site Supervisor
- Sub-Contractor Supervisor

The ECO conducts regular checks to ensure that noise generated during construction activities adheres to the permissible limits specified in the Environmental Pollution Control (Control of Noise at Construction Sites) Regulations, and the frequency of noise monitoring complies with Singapore legal requirements. If the noise level exceeds the permissible level, the ECO will inform the Project Manager for necessary action steps to be taken to reduce the noise level. The Group has employed technology such as real time online monitoring system which will send SMS updates to the respective person-in-charge to provide live updates on noise emitted from the sites.

To protect our workers well-being, we have mandated that all workers on site be equipped with personal protective equipment such as earplug and earmuffs to reduce their exposure to excessive noise. We also conduct regular hearing tests for our workers to ensure that their hearing is not impaired due to prolonged work in a noisy environment.

In FY2022, we received no fines from NEA for noise pollution. We will continue to uphold our stringent practices on noise control and monitoring.

Quieter Equipment or Mechanical Plant

- All plant equipment are fitted with appropriate noise suppression equipment
- Minimise use of vibration in compaction equipment and static rolling
- Replace equipment with smaller machinery where applicable

Regular maintenance of Mechanical Plant and Vehicles

- Carry out periodic preventive maintenance and service of construction equipment, mechanical plant and vehicles
- Take machines/equipment for servicing whenever there is abnormal noise emitting from the machine/equipment

Noise Barriers

- Where possible, enclose noisy machines in acoustical enclosures lined with sound absorbent materials
- Erect barriers around the site to prevent noise transmission
- Machines generating loud noises are enclosed with noise barriers sheets

Scheduling of Noisy Activities

- Schedule noisy activities sequentially to avoid excessive noise
- Ensure that noisy activities such as piling, demolition or concreting are carried out in the day as much as possible

Other Measures

- Educate site workers on noise reduction, proper usage of machinery and use of hearing protection
- Noise levels and vibration limits are closely monitored
- Keep residents informed of any operations generating excessive noise levels

Vector Control Management

GRI 413-2

We implement vector management plans at every project site to prevent the breeding of disease-bearing insects to protect workers and residents in the vicinity from harmful diseases. The ECO conducts weekly inspections to monitor and ensure that our vector control procedures are complied with at all project sites. Our vector control measures, and implementation follows Singapore environmental regulations.

Where to control	When to control	What to control	How to control
• Potential breeding grounds and habitats are high vector density areas such as worker quarters, site offices, washing area, storage area, buildings under construction.	• Frequency of vector control has to be established based on site observations and peak density periods.	• Potential breeding grounds and habitats for mosquitoes, flies and rodents.	• Increase frequency of environmental insecticide spraying to control insects such as flies and mosquitos. • Conduct routine pest control checks and treatment.

The ECO oversees the pest control measures and evaluates the efficiency of controls. In preventing our construction site from becoming a breeding ground for mosquitoes and vectors, ECO conducts routine checks to ensure housekeeping is conducted properly. If there are complaints with regards to pest breeding, the ECO will implement tighter corrective measures to reduce the breeding of pests. Training on housekeeping matters are also conducted in strengthening the degree of compliance and accountability in vector management at our project sites.

In FY2022, Kwan Yong Construction Pte Ltd received 3 penalty fines from NEA that amounted to SGD6,200 for mosquito breeding detected. We have implemented the necessary measures to prevent such recurrences, such as spraying environmentally friendly insecticides at areas with water storage, such as drains, toilets and worker rest areas.

Community Engagement

GRI 413-1

Our Group has always been forefront in giving back to society and uplifting the less-privileged groups whenever an opportunity arises. In FY2022, we made a total of SGD20,000 (2021: SGD50,000) in donations to Bright Hill Evergreen Home.

Beyond monetary contribution, we hope to inculcate greater environmental awareness within the Group. The Group is aware of the rise in electronic waste (“**e-waste**”) produced every year and incorrect disposal methods can bring about harmful substances such as cadmium and lead that could result in adverse impacts to the environment. As such, we have held e-waste recycling drives to collect e-waste such as batteries, household appliances and game consoles. We were pleased to be supported by our colleagues and collected 48.50 kg of e-waste.

The Group is continuously looking for opportunities to strengthen the social development in communities through community engagement events and donations.

FY2022 Targets	Status	Performance Update
– No loss of time or delay in projects due to non-compliance with noise or vector regulations.	✓ Met	The Group had no loss of time or delay in projects due to non-compliance with noise and vector regulations during FY2022.
FY2023 Target		
– No loss of time or delay in projects due to non-compliance with noise or vector regulations		

HKEX ESG REPORTING GUIDE CONTENT INDEX

This Content Index includes references to Key Performance Indicators of The Stock Exchange of Hong Kong Limited ESG Reporting Guide.

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Focus 1: Governance and Ethics
A1.1	Types of emissions and respective emissions data	Emissions Management
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Emissions Management
A1.3	Total hazardous waste produced and, where appropriate, intensity	Not applicable to the Group's business
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	No hazardous waste was produced
A1.5	Description of measures to mitigate emissions and results achieved	Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management
A2: Use of Resources		
General disclosure	Policies on efficient use of resources including energy, water, and other raw materials	Focus 3: Sustainable Built Environment
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Energy Conservation
A2.2	Water consumption in total and intensity	Water and Effluents Management
A2.3	Description of energy use efficiency initiatives and results achieved	Energy Conservation
A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Water and Effluents Management
A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Not applicable to the Group's business
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Sustainable Construction
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Sustainable Construction

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Sustainability Governance and Statement of the Board, Climate Risk Management
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate Risk Management
B. Social		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Benefits and Employee Retention
B1.1	Total workforce by gender, employment type, age group and geographical region	Our Workforce
B1.2	Employee turnover rate by gender, age group and geographical region	Benefits and Employee Retention
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Occupational Health and Safety
B2.1	Number and rate of work-related fatalities	Occupational Health and Safety
B2.2	Lost days due to work injury	Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety
B3: Development and Testing		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Benefits and Employee Retention
B3.1	The percentage of employees trained by gender and employee category	Benefits and Employee Retention
B3.2	The average training hours completed per employee by gender and employee category	Benefits and Employee Retention

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Social Compliance
B4.1	Description of measures to review employment practices to avoid child and forced labour	Social Compliance
B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	Social Compliance
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Suppliers Selection
B5.1	Number of suppliers by geographical region	Only procure from Singapore suppliers
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Suppliers Selection
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Suppliers Selection
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Suppliers Selection
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	User Safety
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not available to the Group's business
B6.2	Number of products and service-related complaints received and how they are dealt with	User Safety
B6.3	Description of practices relating to observing and protecting intellectual property rights	Not available to the Group's business
B6.4	Description of quality assurance process and recall procedures	Not available to the Group's business
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Not available to the Group's business

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering	Ethics and Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-Corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Whistleblowing
B7.3	Description of anti-corruption training provided to directors and staff	Anti-Corruption
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Not available to the Group's business
B8.1	Focus areas of contribution	Not available to the Group's business
B8.2	Resources contributed to the focus areas	Not available to the Group's business

GRI CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile, Our Workforce
102-8	Information on employees and other workers	Our Workforce
102-9	Supply chain	Suppliers Selection
102-13	Membership of associations	Sustainability Awards and Certifications
102-14	Statement from senior decision-maker	Chairman's Message on Sustainability
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement
102-16	Values, principles, standards, and norms of behavior	Ethics and Integrity
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Annual Report – Notes to the Consolidated Financial Statements – Note 1: Corporate Information
102-46	Defining report content and topic boundaries	Reporting Practice
102-47	List of material topics	Reporting Practice
102-48	Restatements of information	Reporting Practice
102-49	Changes in reporting	Reporting Practice
102-50	Reporting period	Reporting Practice
102-51	Date of most recent report	23 September 2021
102-52	Reporting cycle	Reporting Practice
102-53	Contact point for questions regarding the report	Annual Report – Corporate Information
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Practice
102-55	GRI content index	GRI Content Index

GRI Standards	Disclosure Content	Section Reference
102-56	External assurance	Reporting Practice
201-1	Direct economic value generated and distributed	Annual Report
201-4	Financial assistance received from government	Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Climate Risk Management
203-2	Significant indirect economic impacts	Sustainable Construction
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training on anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
207-1	Approach to tax	Tax Compliance
207-2	Tax governance, control and risk management	Tax Compliance
207-3	Stakeholder engagement and management of concerns related to tax	Tax Compliance
301-2	Recycled input materials used	Sustainable Materials
302-1	Energy consumption within the organization	Energy Conservation
302-3	Energy intensity	Energy Conservation
302-4	Reduction of energy consumption	Energy Conservation
303-1	Interactions with water as a shared resource	Water and Effluents Management
303-2	Management of water discharge-related impacts	Water and Effluents Management
305-2	Energy indirect (Scope 2) GHG emissions	Emissions Management
305-4	GHG emissions intensity	Emissions Management
305-5	Reduction of GHG emissions	Emissions Management
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Emissions Management
306-1	Waste generation and significant waste-related impacts	Waste Management
306-2	Management of significant waste-related impacts	Waste Management
307-1	Non-compliance with environmental laws and regulations	Energy Conservation, Emissions Management, Water and Effluents Management, Waste Management
308-1	New suppliers that were screened using environmental criteria	Suppliers Selection
308-2	Negative environmental impacts in the supply chain and actions taken	Suppliers Selection
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Retention
401-3	Parental leave	Employee Retention

GRI Standards	Disclosure Content	Section Reference
403-1	Occupational health and safety management system	Occupational Health and Safety, Safety against COVID-19
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-3	Occupational health services	Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, Safety against COVID-19
403-5	Worker training on occupational health and safety	Occupational Health and Safety
403-6	Promotion of worker health	Occupational Health and Safety, Safety against COVID-19
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	Safety against COVID-19
403-9	Work-related injuries	Occupational Health and Safety
403-10	Work-related ill health	Occupational Health and Safety
404-2	Programs for upgrading employee skills and transition assistance programs	Benefits and Employee Retention
404-3	Percentage of employees receiving regular performance and career development reviews	Benefits and Employee Retention
405-1	Diversity of governance bodies and employees	Our Workforce
405-2	Ratio of basic salary and remuneration of women to men	Benefits and Employee Retention
406-1	Incidents of discrimination and corrective actions taken	Social Compliance
408-1	Operations and suppliers at significant risk for incidents of child labour	Social Compliance
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Social Compliance
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	Noise Management, Vector Management
414-1	New suppliers that were screened using social criteria	Suppliers Selection
414-2	Negative social impacts in the supply chain and actions taken	Suppliers Selection
416-1	Assessment of the health and safety impacts of product and service categories	User Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	User Safety
419-1	Non-compliance with laws and regulations in the social and economic area	Social Compliance

Independent Auditor's Report

OPINION

We have audited the consolidated financial statements of Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the consolidated statement of financial position of the Group as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group gives a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of the consolidated financial performance and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") approved by the International Accounting Standards Boards (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (the "**ISAs**") issued by the International Auditing and Assurance Standards Board (the "**IAASB**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants (the "**IESBA**") *Code of Ethics for Professional Accountants* (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for construction contracts

The Group is involved in construction projects for which it recognises revenue over time using the input method by reference to the proportion of contract cost incurred to-date to the total budgeted costs for each project. If the unavoidable cost of meeting the obligation under the contract exceeds the economic benefit expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the expected revenue and budgeted cost and progress towards completion will significantly affect the amount of revenue to be recognised and results of the Group, including the provision for onerous contracts. As such, we determined this to be a key audit matter.

As part of our audit procedures, we:

- Reviewed terms and conditions of contracts with customers, including the contractual sums, variation orders and verified costs incurred against underlying supporting documents;

- Assessed the reasonableness of management's assumptions in estimating the total estimated revenue and budgeted cost for projects, considering the historical accuracy of such estimates and adjustments required arising from the impact of COVID-19 pandemic and inflationary pressure;

- Reviewed the appropriateness of inputs, amongst others, materials, subcontractors and labour costs used by management in their estimation of the total costs to complete and checked to the relevant supporting documents and subsequent events;

- Analysed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year;

- Checked the arithmetic accuracy of the computation of revenue recognised during the year for individually significant projects; and

- Reviewed project files and discussed with management on the progress of significant projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties and overruns. If the budgeted cost of a contract exceeds the expected contract revenue, assessed whether adequate provision for onerous contracts has been recognised.

We also evaluated the adequacy of the disclosures relating to construction contracts and provision for onerous contracts in Notes 5, 18 and 23.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor’s Report

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

27 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 SGD'000	2021 SGD'000
Revenue	5	**77,766**	90,533
Cost of sales		**(74,008)**	(95,710)
Gross profit/(loss)		**3,758**	(5,177)
Other income and gain	6	**2,605**	6,162
Administrative expenses		**(6,371)**	(6,318)
Other expenses		**(193)**	(634)
Finance costs	7	**(181)**	(238)
Loss before tax	8	**(382)**	(6,205)
Income tax expense	11	**(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)	13	**(0.05)**	(0.78)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

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	14	**18,676**	19,906
Investment properties	15	**1,841**	1,872
Equity investments at fair value through other comprehensive income	17	**952**	–
Total non-current assets		**21,469**	21,778
Current assets			
Contract assets	18	**17,385**	12,443
Trade receivables	19	**14,346**	12,641
Prepayments, deposits and other receivables	20	**763**	2,749
Pledged deposits	21	**4,000**	4,000
Cash and cash equivalents	21	**13,877**	32,542
Total current assets		**50,371**	64,375
Total assets		**71,840**	86,153
Current liabilities			
Contract liabilities	18	**3,905**	667
Trade and other payables	22	**27,376**	41,680
Provisions	23	**685**	1,255
Deferred grants	24	**–**	4
Borrowings	25	**1,312**	1,766
Lease liabilities	16	**175**	167
Tax payable		**9**	–
Total current liabilities		**33,462**	45,539
Net current assets		**16,909**	18,836

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 SGD'000	2021 SGD'000
Total assets less current liabilities		**38,378**	40,614
Non-current liabilities			
Borrowings	25	**1,996**	3,646
Lease liabilities	16	**1,367**	1,542
Total non-current liabilities		**3,363**	5,188
Total liabilities		**36,825**	50,727
Net assets		**35,015**	35,426
Equity attributable to shareholders of the Company			
Issued capital	26	**1,389**	1,389
Share premium		**32,978**	32,978
Reserves	27	**648**	1,059
Total equity		**35,015**	35,426

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

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 (Note 27(ii))	Fair value reserves SGD'000 (Note 27(iii))	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	**–**	**–**	**–**	**(144)**	**–**	**(144)**
Total comprehensive income/(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.

The accompanying accounting policies and explanatory information form an integral part of the consolidated financial statements.

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	6	**(46)**	(142)
Dividend income from equity investments	6	**(20)**	–
Gain on disposal of property, plant and equipment, net	6	**(74)**	(38)
Amortisation of deferred capital grants	6	**(4)**	(40)
Finance costs	7	**181**	238
Depreciation of property, plant and equipment	8	**2,299**	2,002
Depreciation of investment properties	8	**31**	31
Government grant not yet received		**(47)**	(150)
Provision for defect liabilities, net	23	**(267)**	(75)
Provision for onerous contracts	23	**(303)**	(602)
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
Cash flows used in operations		**(14,682)**	(10,446)
Income tax refund		**–**	97
Net cash flows used in operating activities		**(14,682)**	(10,349)
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
Net cash flows used in investing activities		**(1,535)**	(2,737)

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 SGD'000	2021 SGD'000
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)
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)
Cash and cash equivalents at end of year	21	**13,877**	32,260
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits and credit linked notes	21	**2,880**	15,349
Time deposits and credit linked notes	21	**14,997**	21,193
Less: Pledged deposits		**(4,000)**	(4,000)
Cash and cash equivalents as stated in the consolidated statement of financial position		**13,877**	32,542
Less: Bank overdrafts	25	**–**	(282)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**13,877**	32,260

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

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.

As at the date of this annual report, in the opinion of the directors of the Company, 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.

The Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies having substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Company name	Place of incorporation and operations	Nominal value of issued share capital	2022 %	2021 %	Principal activities
Held by the Company					
Forever Brilliant International Limited ("**Forever Brilliant**") (Note (a))	British Virgin Islands	United States Dollars ("**US$**") 2	100	100	Investment holding
Held by subsidiary					
Kwan Yong Construction Pte Ltd ("**Kwan Yong**") (Note (b))	Singapore	SGD 25,000,000	100	100	Provision of general building and construction services
Kwan Yong Project Private Limited (Note (b))	Singapore	SGD 1	100	100	Provision of accommodation

Notes:

(a) No audited financial statements have been prepared for this entity as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation.

(b) The statutory financial statements of these entities for the year ended 30 June 2022 prepared under Financial Reporting Standards in Singapore ("**FRSs**") have been audited by Ernst & Yong LLP, Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the 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 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. 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.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has 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
- The Group's voting rights and potential voting rights

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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, non-controlling interest 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 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.

2.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Change in functional currency *(Continued)*

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.

2.5 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 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, Plant and Equipment:* Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosures of Accounting Policies*	1 January 2023
Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures:* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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.

2.7 Subsidiaries

A subsidiary is an entity (including a structured 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Subsidiaries *(Continued)*

When the Company 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:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

2.8 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Foreign currency *(Continued)*

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2.9 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("**CGU**") to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset or CGU exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Building and dormitory	Over the lease period ranging from 2 to 39 years
Office renovation	5 years
Plant and machinery	5 years
Computers	1 year
Motor vehicles	10 years
Signboard	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 72 to 85 years. The residual values, useful lives and the depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss in the period of retirement or disposal.

2.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Leases *(Continued)*

Group as a lessee *(Continued)*

(i) Right-of-use assets (Continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

– Leasehold land – Over the lease period ranging from 3 to 35 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Leases *(Continued)*

Group as a lessee *(Continued)*

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment, warehouse premises and workers' quarters (i.e those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group retains substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental receivable under operating leases are credited to profit or loss on the straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.13 Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition – Revenue from contracts with customers" below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(a) Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

Subsequent measurement (Continued)

(ii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

Impairment (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(a) Financial assets (Continued)

Impairment (Continued)

General approach *(Continued)*

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial Instruments *(Continued)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

2.15 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision will be reversed. If the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

(i) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Income tax *(Continued)*

(ii) Deferred tax (Continued)

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed as at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed as at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time.

The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group provides general building and construction services, which involves general building, air-conditioning and mechanical ventilation system, electrical system as well as sanitary and plumbing system.

At contract inception, the Group assesses whether the transfer of service was satisfied at a point in time or over time by determining if (a) its performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and (b) the Group has an enforceable right to payment for performance completed to date. The Group recognises revenue from the provision of general building and construction services over time as the Group's performance creates or enhances asset that the customer controls as the asset is created or enhanced.

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

For costs incurred in fulfilling the contract which are within the scope of another IFRS (eg. Inventories), these shall be accounted for in accordance with those other IFRS. If these are not within the scope of another IFRS, the Group will recognise these as contract assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Significant financing components

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

Revenue from other sources

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(c) Rental income

Rental income arising on operating leases of investment properties is recognised on the straight-line basis over the lease terms. The aggregate costs of incentives provided to the lessees are recognised as a reduction of rental income over the lease term on the straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition *(Continued)*

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Contract assets and liabilities

(a) Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Group performs by transferring goods and services to a customer before the customer pays for consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(b) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2.19 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders of relevant entities comprising the Group in a general meeting.

Interim dividends are recognised immediately as a liability when they are proposed and declared by directors of relevant entities comprising the Group, as the memorandum and articles of association of these entities grant their directors the authority to declare interim dividends.

2.20 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the consolidated statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

2.21 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of construction revenue

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligations in the construction contract, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The measure of progress should be determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method) or based on actual progress of the construction (output method). Management uses judgement to determine either method for these services provide a faithful depiction of the Group's performance in transferring control of goods and services promised to the customers.

Determining the total contract revenue

The Group seeks to collect (i) variations from customers as reimbursement of costs and margins for scope of works not included in the original construction contracts and (ii) incentive payments, which give rise to variable consideration. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for variations and incentive payments in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers and the current economic conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 39 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment as at the end of each financial year is disclosed in Note 14.

Estimating the contract revenue and contract costs for the construction works

The management of the Group reviews and revised the estimate of (i) contract revenue (including variations in contract works and incentive payments) yet to be certified by surveyors appointed by the customers and (ii) contract costs for each construction contract on a regular basis.

Recognised amounts of contract revenue and contract costs reflect management's best estimate of each contract's outcome, which are determined on the basis of a number of assumptions. In making these estimates, management takes into consideration the past experience in conducting similar construction works, as well as the current market conditions.

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date. The revenue recognised is as disclosed in Note 5.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Provision for defect liabilities

Determining the provision for defect liabilities in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise. The estimation of the timing of such incoming costs and of the future costs of carrying out such rectification works are subjected to significant uncertainties. Significant estimate is required in determining if the Group has to make provision for any potential costs. The carrying amount of the provision for defect liabilities as at the end of each financial year is disclosed in Note 23.

Provision for onerous contracts

The Group estimates provision for onerous contracts for its construction contracts when it is inevitable that the unavoidable costs of meeting the obligation under the contracts exceeds the estimated economic benefits expected to be received under the contracts. The provision is measured according to management's best estimate of the expected revenue and costs to be earned or incurred. The estimates include an assessment of current market conditions, historical trends, as well as future expectation and is therefore subject to significant uncertainties. The carrying amount of the provision for onerous contracts as at the end of each financial year is disclosed in Note 23.

Provision for expected credit losses of trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit loss as prescribed by IFRS 9, which permits the use of lifetime expected credit loss provisions for all trade receivables and contract assets. The Group assesses the impairment of its trade receivables and contract assets on an individual basis based on internal credit rating and ageing of these balances. ECLs for trade receivables and contract assets are estimated based on the Group's historical observed default rates over the expected life of debtors and are adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 33.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount. The recoverable amount of an asset is determined based on the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation requires the Company to estimate the future cash flow expected from the asset and an appropriate discount rate in order to calculate the present value of the future cash flow. Management has evaluated the recoverability of the asset based on such estimates.

The carrying amount of the non-financial assets are disclosed in Notes 14, 15 and 16.

Fair value of investment properties

The Group engages independent professional qualified surveyor to assess fair value of investment properties as at 30 June 2022. The fair value of investment properties are determined by independent professional qualified surveyor using the market comparable. The key assumptions used to determine the fair value of these investment properties are disclosed in Note 15.

Recognition of grants and reliefs

Grants and reliefs provided by project owners in relation to COVID-19 events are recognised at the expected receivable amount where there is reasonable assurance that the grant or relief will be received and all attached conditions are complied with. The Singapore Government has announced grants and reliefs to support the prolongation costs and increased construction costs incurred by the contractors for public sector projects. The amount to be received by the Group is subjected to compliance of terms and conditions and the amount is to be agreed with the relevant authorities. Accordingly, the amount recognised is subject to uncertainty. The amount recognised is disclosed in Note 6.

4. 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 SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
Revenue				
External customers	77,497	269	–	77,766
Segment results	130	111	(623)	(382)
Segment assets	69,930	214	1,696	71,840
Segment liabilities	36,440	100	285	36,825
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	31	–	–	31

4. SEGMENT INFORMATION *(Continued)*

Operating segment information *(Continued)*

Year ended 30 June 2021

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
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 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 years ended 30 June 2022 and 2021 were all located in Singapore.

4. SEGMENT INFORMATION *(Continued)*

Operating segment information *(Continued)*

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	2021
	SGD'000	SGD'000
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.

5. 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**	–
	77,497	90,533	**269**	–	**77,766**	90,533

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

5. REVENUE *(Continued)*

(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 **SGD'000**	2021 SGD'000
Expected to be recognised:		
Within one year	**123,151**	80,648
More than one year	**30,330**	42,120
	153,481	122,768

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 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.

6. OTHER INCOME AND GAIN

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

		2022 SGD'000	2021 SGD'000
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**	–
		2,531	6,124
Gain			
Gain on disposal of property, plant and equipment		**74**	38
		2,605	6,162

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.

7. FINANCE COSTS

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

	2022 SGD'000	2021 SGD'000
Interest on:		
Term loan	**73**	102
Hire purchases	**18**	42
Lease liabilities (Note 16(b))	**90**	94
	181	238

8. LOSS BEFORE TAX

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

	Note	2022 SGD'000	2021 SGD'000
Cost of construction work		**73,436**	95,407
Onerous contract		**–**	303
Depreciation of property, plant and equipment	14	**2,299**	2,002
Less: Amount included in cost of construction work		**(1,766)**	(1,449)
		533	553
Depreciation of investment properties	15	**31**	31
Expensed relating to short-term leases and leases of low value assets	16	**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 (Note 9)):			
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	23	**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.

9. DIRECTORS' REMUNERATION

Certain directors of the Company received remuneration from a subsidiary now comprising the Group in their capacity as being directors and/or employees of that subsidiary. The remuneration of these directors as recorded in the consolidated financial statements of that subsidiary during the years ended 30 June 2022 and 2021 is set out below:

	2022 SGD'000	2021 SGD'000
Fees	**260**	283
Other emoluments:		
Salaries, allowances and benefits in kind	**1,023**	845
Pension scheme contributions	**58**	36
	1,341	1,164

9. DIRECTORS' REMUNERATION *(Continued)*

An analysis of these directors' remuneration, on a named basis, is as follows:

	Fees SGD'000	Salaries, allowances and benefits SGD'000	Pension scheme contributions SGD'000	Total SGD'000
Year ended 30 June 2022				
Executive directors				
Mr. Kwan Mei Kam	30	282	8	320
Ms. Tay Yen Hua	30	282	8	320
Mr. Wong San Ta Jacob	30	296	22	348
Ms. Kwan Shu Ming	30	163	20	213
Non-executive director				
Mr. Lim Ah Lay	35	–	–	35
Independent non-executive directors				
Mr. Wu Dongqing	35	–	–	35
Mr. Chou Sean Yu	35	–	–	35
Mr. Fong Heng Boo	35	–	–	35
	260	1,023	58	1,341
Year ended 30 June 2021				
Executive directors				
Mr. Kwan Mei Kam	30	250	6	286
Ms. Tay Yen Hua	30	250	6	286
Mr. Wong San Ta Jacob	30	226	12	268
Ms. Kwan Shu Ming	30	119	12	161
Non-executive director				
Mr. Lim Ah Lay	35	–	–	35
Independent non-executive directors				
Mr. Koh Lian Huat *(resigned on 25 February 2021)*	23	–	–	23
Mr. Wu Dongqing	35	–	–	35
Mr. Chou Sean Yu	35	–	–	35
Mr. Fong Heng Boo	35	–	–	35
	283	845	36	1,164

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 June 2022 and 2021.

10. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five highest paid employees of the Group during each of the reporting period are as follows:

	2022 **SGD'000**	2021 SGD'000
Salaries, allowances and benefits in kind	**1,241**	1,026
Pension scheme contributions	**66**	46
	1,307	1,072

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to HKD1,000,000	**–**	2
HKD1,000,001 to HKD1,500,000	**2**	3
HKD1,500,001 to HKD2,000,000	**3**	–
	5	5

11. 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.

11. INCOME TAX EXPENSE *(Continued)*

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

	2022 SGD'000	2021 SGD'000
Current tax – Singapore:		
Charge for the year	**9**	–

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 SGD'000	2021 SGD'000
Loss before tax	**(382)**	(6,205)
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	**(292)**	–
Tax charged for the year	**9**	–

11. INCOME TAX EXPENSE *(Continued)*

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 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.

12. DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 30 June 2022 and 2021.

13. 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)	**(0.05)**	(0.78)

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.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Building and dormitory SGD'000 (Note (a))	Office renovation SGD'000	Plant and machinery SGD'000 (Note (b))	Computers SGD'000	Motor vehicles SGD'000 (Note (b))	Signboard SGD'000	Total SGD'000
30 June 2022							
At 1 July 2021							
Cost	**18,260**	**1,379**	**7,562**	**609**	**3,554**	**20**	**31,384**
Accumulated depreciation	**(3,219)**	**(1,162)**	**(5,255)**	**(599)**	**(1,231)**	**(12)**	**(11,478)**
Net carrying amount	**15,041**	**217**	**2,307**	**10**	**2,323**	**8**	**19,906**
Net carrying amount:							
1 July 2021	**15,041**	**217**	**2,307**	**10**	**2,323**	**8**	**19,906**
Additions	**–**	**–**	**174**	**8**	**890**	**–**	**1,072**
Depreciation provided	**(1,124)**	**(83)**	**(669)**	**(14)**	**(407)**	**(2)**	**(2,299)**
Disposals	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
At 30 June 2022	**13,917**	**134**	**1,812**	**4**	**2,803**	**6**	**18,676**
At 30 June 2022:							
Cost	**18,260**	**1,379**	**7,111**	**260**	**4,438**	**20**	**31,468**
Accumulated depreciation and impairment loss	**(4,343)**	**(1,245)**	**(5,299)**	**(256)**	**(1,635)**	**(14)**	**(12,792)**
Net carrying amount	**13,917**	**134**	**1,812**	**4**	**2,803**	**6**	**18,676**
30 June 2021							
At 1 July 2020							
Cost	16,279	1,263	7,175	592	3,740	20	29,069
Accumulated depreciation	(2,649)	(1,063)	(4,561)	(568)	(1,402)	(10)	(10,253)
Net carrying amount	13,630	200	2,614	24	2,338	10	18,816
Net carrying amount:							
1 July 2020	13,630	200	2,614	24	2,338	10	18,816
Additions	1,981	116	594	17	1,058	–	3,766
Depreciation provided	(570)	(99)	(901)	(31)	(399)	(2)	(2,002)
Disposals	–	–	–	–	(674)	–	(674)
At 30 June 2021	15,041	217	2,307	10	2,323	8	19,906
At 30 June 2021:							
Cost	18,260	1,379	7,562	609	3,554	20	31,384
Accumulated depreciation and impairment loss	(3,219)	(1,162)	(5,255)	(599)	(1,231)	(12)	(11,478)
Net carrying amount	15,041	217	2,307	10	2,323	8	19,906

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

(a) The building of the Group with net carrying amount of approximately SGD11,600,000 (2021: approximately SGD11,962,000) as at the end of the financial years was pledged to a bank for a term loan granted to the Group (Note 25(b)).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of the leased assets are disclosed in Note 16.

(b) The carrying amounts of the Group's property, plant and equipment held under hire-purchase financing as at 30 June 2022 and 2021 are as follows:

	2022 **SGD'000**	2021 SGD'000
Plant and machinery	**710**	968
Motor vehicles	**781**	656
	1,491	1,624

15. INVESTMENT PROPERTIES

	2022 **SGD'000**	2021 SGD'000
At beginning of year		
Cost	**2,365**	2,365
Accumulated depreciation	**(493)**	(462)
Net carrying amount	**1,872**	1,903
At beginning of year	**1,872**	1,903
Depreciation provided during the year	**(31)**	(31)
At end of year	**1,841**	1,872
Cost	**2,365**	2,365
Accumulated depreciation	**(524)**	(493)
Net carrying amount	**1,841**	1,872

15. INVESTMENT PROPERTIES *(Continued)*

Notes:

(a) The Group's investment properties are commercial properties in Singapore which are leased to third parties, further summary details of which are included in Note 30.

(b) The Group's investment properties are initially carried at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The fair value of the investment properties as at 30 June 2022 was approximately SGD5,550,000 (2021: approximately SGD5,200,000) and has been arrived at on a market value basis of a valuation carried out as at the end of the financial year by an independent professional qualified surveyor. The valuation was arrived at by reference to comparable market transactions for similar properties by direct comparison approach, assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The valuation involves the use of certain significant unobservable inputs for which include adjusted transaction price of comparable properties. The fair value measurement of the investment properties falls into Level 3 of the fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

16. LEASES

The Group is required to pay annual land rent to Jurong Town Corporation ("**JTC**") for its building and dormitory. The annual rent is based on market rent for the relevant year. The land lease has a remaining tenure between 2 to 33 years. The Group's obligations under these leases are secured by the lessor's title to the leased asset. The Group is restricted from assigning and subleasing the leased asset.

The Group also has certain of its warehouse premises, workers' quarters and machinery with lease terms of 12 months or less and leases of office equipment with low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

(a) Carrying amounts of right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2022 **SGD'000**	2021 SGD'000
As at 1 July	**1,649**	1,306
Additions	**–**	456
Depreciation	**(190)**	(113)
As at 30 June	**1,459**	1,649

16. LEASES *(Continued)*

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 SGD'000	2021 SGD'000
As at 1 July	**1,709**	1,330
Addition	**–**	456
Accretion of interest	**90**	94
Payments	**(257)**	(171)
As at 30 June	**1,542**	1,709
Current	**175**	167
Non-current	**1,367**	1,542

(c) Amounts recognised in profit or loss

	2022 SGD'000	2021 SGD'000
Depreciation of right-of-use assets	**190**	113
Interest expense on lease liabilities	**90**	94
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in cost of sales)	**–**	213
– Expenses relating to leases of short-term leases and leases of low-value assets (Included in administrative expenses)	**5**	160
Total (Note 8)	**5**	373
Total amount recognised in profit or loss	**285**	580

(d) Total cash outflows

The Group had total cash outflows for lease of approximately SGD257,000 (2021: approximately SGD171,000) for the year ended 30 June 2022.

17. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 SGD'000	2021 SGD'000
Equity investments at fair value through other comprehensive income		
Listed equity investments	**952**	–

The Group has elected to measure these equity investments at fair value through OCI 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 SGD'000	2021 SGD'000
US$	**290**	–

18. CONTRACT BALANCES

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

		2022 SGD'000	2021 SGD'000
Contract assets:			
Retention receivables	(a)	**1,545**	420
Other contract assets	(b)	**15,840**	12,023
Total contract assets	(c)	**17,385**	12,443
Trade receivables	19	**14,346**	12,641
Contract liabilities	(d)	**(3,905)**	(667)

18. CONTRACT BALANCES *(Continued)*

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	2021
	SGD'000	SGD'000
Due after one year	**1,545**	420

(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	2021
	SGD'000	SGD'000
Within one year	**11,924**	8,570
More than one year	**3,916**	3,453
Total other contract assets	**15,840**	12,023

18. CONTRACT BALANCES *(Continued)*

Notes: (Continued)

(c) The Group applies the simplified approach to provide for ECL as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 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 **SGD'000**	2021 SGD'000
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.

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

* 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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 SGD'000	2021 SGD'000
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
	763	2,749

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.

21. CASH AND CASH EQUIVALENTS

		2022 SGD'000	2021 SGD'000
Cash and bank balances		**2,880**	15,349
Time deposits		**14,000**	21,193
Credit linked notes		**997**	–
Total cash and bank balances	(a)	**17,877**	36,542
Less: Pledged deposits	(b)	**(4,000)**	(4,000)
Cash and cash equivalents		**13,877**	32,542

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong Dollars amounted to approximately SGD1,221,000 (2021: approximately SGD18,809,000).

21. CASH AND CASH EQUIVALENTS *(Continued)*

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between two months and twelve months, depending on the immediate cash requirements of the Group, and earn interests at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

During the year, the Group has purchased credit linked notes of SGD1,000,000 at a consideration of SGD997,000. The credit linked notes have a scheduled maturity date on 26 August 2022 and the Group has received the aggregate principal amount of SGD1,000,000 subsequent to year end.

(b) Time deposits of SGD4,000,000 (2021: SGD4,000,000) as at 30 June 2022 was pledged to banks as securities for the Group's bank overdraft facilities (Note 25).

22. TRADE AND OTHER PAYABLES

		2022 **SGD'000**	2021 SGD'000
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**	–
		27,376	41,680

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 **SGD'000**	2021 SGD'000
Within one month	**1,021**	1,649
1 to 2 months	**80**	414
2 to 3 months	**40**	4
Over 3 months	**187**	315
	1,328	2,382

22. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(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 SGD'000	2021 SGD'000
Due within one year	**1,876**	4,701
Due after one year	**6,582**	7,140
	8,458	11,841

23. PROVISIONS

	Defect liabilities SGD'000	Onerous contracts SGD'000	Total SGD'000
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)
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)**
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.

24. DEFERRED GRANTS

	2022 SGD'000	2021 SGD'000
Net carrying amount:		
Current	–	4

Deferred capital grants relate to grants received from Building and Construction Authority of Singapore under the Productivity Innovation Project Scheme for equipment purchased and used in connection with projects. These grants are amortised and recognised as other income in profit or loss on the straight-line basis over the useful lives of the relevant equipment.

25. BORROWINGS

		2022 SGD'000	2021 SGD'000
Borrowings comprise:			
Hire purchase payables (Note 14(b))		331	746
Bank overdraft, secured	(a)	–	282
Bank loans, secured	(b)	2,977	4,384
		3,308	5,412
Portion classified as current liabilities		(1,312)	(1,766)
Non-current portion		1,996	3,646
Analysed into amounts repayable:			
On demand		–	282
Within one year		1,312	1,484
In the second year		1,031	1,295
In the third to fifth years, inclusive		965	2,060
Beyond five years		–	291
		3,308	5,412

25. BORROWINGS *(Continued)*

Notes:

(a) The bank overdraft is denominated in SGD, repayable on demand, bears an effective interest rate at 5.00% per annum and is secured by:

(i) existing deed of guarantee and indemnity for all monies from the Company; and

(ii) existing charge of cash and security agreement (first party) for deposits amounting to not less than SGD3,000,000 (Note 21(b)).

(b) The bank loans denominated in SGD includes term loan of approximately SGD Nil (2021: approximately SGD426,000) and bridging loan of approximately SGD2,977,000 (2021: approximately SGD3,958,000).

The term loan bears fixed interest rate at 2.68% (2021: 2.68%) per annum. Subsequent to August 2021, the term loan bears interest at the rate of 3-month SIBOR + 3% per annum. The term loan is repayable in 24 years by monthly instalments commencing from May 2015 and is secured by way of:

(i) first legal mortgage on the Group's building (Note 14(a)); and

(ii) corporate guarantee of the Company.

The term loan has been fully settled during the financial year.

The bridging loan is unsecured, bears fixed rate of 2.00% (2021: 2.00%) per annum and is repayable over 5 years by monthly instalments commencing from May 2020.

26. SHARE CAPITAL

	2022	2021
	HKD'000	HKD'000
Authorised:		
15,000,000,000 (2021: 15,000,000,000) ordinary share of HKD0.01 each	**150,000**	150,000

	2022	2021
	SGD'000	SGD'000
Issued and fully paid:		
800,000,000 (2021: 800,000,000) ordinary share of HKD0.01 each	**1,389**	1,389

27. RESERVES

(i) The amounts of the Group's reserves and the movements therein for the years ended 30 June 2022 and 2021 are presented in the consolidated statement of changes in equity.

(ii) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(iii) Fair value reserves

Fair value reserves represent the cumulative fair value changes, net of tax, arising from equity investments until they are derecognised.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

During the year ended 30 June 2022, the Group purchased certain property, plant and equipment and motor vehicles with a total capital value of approximately SGD832,000 (2021: approximately SGD684,000) under hire-purchase financing arrangements. Of these amounts, approximately SGD342,000 (2021: approximately SGD504,000) was paid as down payments, approximately SGD370,000 was offset with the net receivables arising from the return of the defective motor vehicle and the remaining balances of approximately SGD120,000 (2021: approximately SGD180,000) was financed by entering into finance lease arrangements during the year ended 30 June 2022. In the previous financial year, a motor vehicle acquired was returned to the vendor as it was defective. Arising from the return, the net amount paid amounting to SGD370,000 was reclassified to receivables. The corresponding hire-purchase financing was also terminated as disclosed in Note 28(b).

(b) Changes in liabilities arising from financing activities during the years ended 30 June 2022 and 2021 are as follows:

	2021	Changes from financing activities	Non-cash transactions	Finance cost	2022
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Bank loans	**4,384**	**(1,480)**	**–**	**73**	**2,977**
Hire purchase payables	**746**	**(553)**	**120**	**18**	**331**
Lease liabilities	**1,709**	**(257)**	**–**	**90**	**1,542**
	6,839	**(2,290)**	**120**	**181**	**4,850**

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities during the years ended 30 June 2021 and 2020 are as follows: *(Continued)*

	2020	Changes from financing activities	Non-cash transactions	Finance cost	Others	2021
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Bank loans	5,371	(1,089)	–	102	–	4,384
Hire purchase payables	1,339	(709)	180	42	(106)	746
Lease liabilities	1,330	(171)	456	94	–	1,709
	8,040	(1,969)	636	238	(106)	6,839

Others relates to the early termination of a hire-purchase financing arrangement for a motor vehicle.

29. CAPITAL COMMITMENTS

As at 30 June 2022, the Group had no capital commitment (2021: Nil), which were not recognised in the consolidated financial statements.

30. OPERATING LEASE ARRANGEMENT – AS LESSOR

The Group leases its investment properties under operating lease arrangements. These non-cancellable leases have remaining lease terms of between 4 and 24 months. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting period are as follows:

	2022	2021
	SGD'000	SGD'000
Within one year	**317**	356
In the second to fifth years, inclusive	**17**	259
	334	615

31. RELATED PARTY DISCLOSURES

(a) The Group had no other outstanding balances with related parties as at the end of each financial year.

(b) During year ended 30 June 2022, certain performance bonds of the Group were guaranteed by either two directors of the Company or corporate guarantee, as set out in Note 18(e).

(c) The compensation of the key management personnel of the Group is set out below:

	2022	2021
	SGD'000	SGD'000
Directors' fees	**260**	283
Salaries, allowance and benefits in kind	**1,521**	1,275
Pension scheme contribution	**96**	72
	1,877	1,630
Comprising amounts paid to:		
Directors of the Company	**1,341**	1,164
Other key management personnel	**536**	466
	1,877	1,630

32. FINANCIAL INSTRUMENTS BY CATEGORIES

Set out below is a comparison by category of carrying amounts of all the Group's financial assets and liabilities that are carried in the financial statements.

	2022 SGD'000	2021 SGD'000
Financial assets at fair value through other comprehensive income		
Listed equity investments	**952**	–
Financial assets at amortised cost		
Trade receivables	**14,346**	12,641
Deposits and other receivables	**469**	2,293
Pledged deposits	**4,000**	4,000
Cash and cash equivalents	**13,877**	32,542
Total financial assets measured at amortised cost	**32,692**	51,476
Financial liabilities at amortised cost		
Trade and other payables	**26,728**	41,310
Borrowings	**3,308**	5,412
Lease liabilities	**1,542**	1,709
Total financial liabilities measured at amortised cost	**31,578**	48,431

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. The board of directors of the Company reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and process for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. No other financial asset carries a significant exposure to credit risk.

The Group applies (i) the simplified approach to provide for ECLs on trade receivables and contract assets that do not contain a significant financing component and (ii) the general approach to provide for ECLs on deposits and other receivables, which are estimated by reference to past default experience of the debtor and the current market condition in relation to each other's exposure. The ECLs also incorporated forward-looking information with reference to general macroeconomics conditions that may affect the ability of the debtors to settle receivables. Based on the management's analysis, loss on collection is not material and hence no provision is provided. The credit risk on cash and bank balances are minimal as they are placed with reputable financial institutions with high credit ratings and no history of default.

Excessive risk concentration of trade receivables

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Identified concentrations of credit risks are controlled and managed accordingly. As at 30 June 2022, 41% (2021: 71%) of the Group's trade receivables were due from a major customer.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	Weighted average effective interest rate	Carrying amounts	1 year or less	1 to 5 years	Over 5 years	Total
	%	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
As at 30 June 2022						
Trade and other payables		**26,728**	**26,728**	**–**	**–**	**26,728**
Bank borrowings	**2.02**	**2,977**	**1,052**	**2,015**	**–**	**3,067**
Hire purchase payables	**1.95**	**331**	**315**	**21**	**–**	**336**
Lease liabilities	**5.25**	**1,542**	**256**	**422**	**2,249**	**2,927**
		31,578	**28,351**	**2,458**	**2,249**	**33,058**
As at 30 June 2021						
Trade and other payables		41,310	41,310	–	–	41,310
Bank overdraft		282	282	–	–	282
Bank borrowings	2.37	4,384	1,094	3,241	348	4,683
Hire purchase payables	2.18	746	495	271	–	766
Lease liabilities	5.25	1,709	256	594	2,333	3,183
		48,431	43,437	4,106	2,681	50,224

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to market risk arising from its investment in listed equity instruments. These investments are quoted on stock exchanges and are classified as equity investments at fair value through OCI.

Sensitivity analysis for market risk

As the end of the reporting period, if the market price of the quoted equity investments have been 10% higher/lower with all other variables held constant, the Group's fair value reserve would have been SGD95,000 (2021: Nil) higher/lower, arising as a result of an increase/decrease in the fair value of the equity investments measured at fair value through OCI.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 2021.

	2022 **SGD'000**	2021 SGD'000
Borrowings	**3,308**	5,412
Lease liabilities	**1,542**	1,709
Total debt	**4,850**	7,121
Total equity	**35,015**	35,426
Gearing ratio	**13.9%**	20.1%

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(f) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

At the end of the reporting period, the fair values of equity investments are based on quoted market prices (as categorised within Level 1 of the fair value hierarchy). The fair values of other financial assets and financial liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments, therefore, no disclosure of the fair values of these financial instruments is made.

The fair values of the interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

34. STATEMENT OF FINANCIAL POSITION OF COMPANY

Information about statement of financial position of the Company as at the end of the report period as follows:

	2022	2021
	SGD'000	SGD'000
NON-CURRENT ASSET		
Investment in a subsidiary	**25,000**	15,000
CURRENT ASSETS		
Prepayment	**13**	13
Other receivable	**–**	3
Amount due from a subsidiary	**5,614**	–
Cash and cash equivalents	**1,683**	18,809
Total current assets	**7,310**	18,825
CURRENT LIABILITIES		
Other payables and accruals	**285**	279
Amount due to a subsidiary	**–**	1,001
Total current liabilities	**285**	1,280
Net current assets	**7,025**	17,545
Net assets	**32,025**	32,545
EQUITY		
Share capital	**1,389**	1,389
Share premium	**32,978**	32,978
Reserve (Note)	**(2,342)**	(1,822)
	32,025	32,545

34. STATEMENT OF FINANCIAL POSITION OF COMPANY *(Continued)*

Note: A summary of the Company's reserve is as follows:

	Accumulated loss	Foreign currency translation reserve	Total
	SGD'000	SGD'000	SGD'000
At 1 July 2020	(933)	487	(446)
Loss for the year	(672)	–	(672)
Other comprehensive loss			
Foreign currency translation	–	(704)	(704)
Total comprehensive loss	(672)	(704)	(1,376)
At 30 June 2021 and 1 July 2021	**(1,605)**	**(217)**	**(1,822)**
Loss for the year	**(623)**	**–**	**(623)**
Other comprehensive income			
Foreign currency translation	**–**	**103**	**103**
Total comprehensive (loss)/income	**(623)**	**103**	**(520)**
At 30 June 2022	**(2,228)**	**(114)**	**(2,342)**

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements for the year ended 30 June 2022 were authorised for issue by the board of directors of the Company on 27 September 2022.

Financial Summary

RESULTS

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows:

	For the year ended 30 June				
	2022	2021	2020	2019	2018
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	**77,766**	90,533	127,492	110,364	53,883
Cost of sales	**(74,008)**	(95,710)	(136,665)	(95,991)	(43,894)
Gross profit/(loss)	**3,758**	(5,177)	(9,173)	14,373	9,989
(Loss)/profit before tax	**(382)**	(6,205)	(17,503)	7,557	7,730
Income tax (expense)/credit	**(9)**	–	552	(1,639)	(1,474)
(Loss)/profit for the year	**(391)**	(6,205)	(16,951)	5,918	6,256
Other comprehensive (loss)/income	**(20)**	(737)	499	–	–
Total comprehensive (loss)/income	**(411)**	(6,942)	(16,452)	5,918	6,256

ASSETS AND LIABILITIES

	As at 30 June				
	2022	2021	2020	2019	2018
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Total assets	**71,840**	86,153	98,869	80,386	59,537
Total liabilities	**(36,825)**	(50,727)	(56,501)	(40,933)	(22,002)
	35,015	35,426	42,368	39,453	37,535
Total equity	**35,015**	35,426	42,368	39,453	37,535