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## KWAN YONG HOLDINGS LIMITED

### 光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9998)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Kwan Yong Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2024, together with the comparative figures for the corresponding period in 2023 as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

		Six months ended 31 December	
		2024	2023
	Note	SGD'000	SGD'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	6	<b>105,900</b>	64,653
Cost of sales		<u>(99,532)</u>	<u>(61,510)</u>
<b>Gross profit</b>		<b>6,368</b>	3,143
Other income and gain	7	<b>1,120</b>	978
Administrative expenses		<b>(5,425)</b>	(3,853)
Finance costs	8	<u><b>(94)</b></u>	<u>(56)</u>
<b>Profit before tax</b>	9	<b>1,969</b>	212
Income tax credit	10	<u><b>7</b></u>	<u>–</u>
<b>Profit for the period attributable to shareholders of the Company</b>		<u><b>1,976</b></u>	<u>212</u>

		<b>Six months ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b><i>SGD'000</i></b>	<b><i>SGD'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity investments at fair value through other comprehensive income		<u>38</u>	<u>42</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>38</u>	<u>42</u>
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>			
		<u>2,014</u>	<u>254</u>
<b>Basic and diluted earnings per share (<i>cents</i>)</b>	<b>12</b>	<u>0.25</u>	<u>0.03</u>

# **INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

		<b>31 December 2024</b>	30 June 2024
	<i>Note</i>	<b>SGD'000</b>	<i>SGD'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>18,402</b>	18,531
Investment properties		<b>1,764</b>	1,779
Equity investments at fair value through other comprehensive income	14	<b>34</b>	698
Deferred tax assets		<b>1,562</b>	1,562
Total non-current assets		<b>21,762</b>	22,570
<b>Current assets</b>			
Contract assets	16	<b>1,019</b>	6,277
Trade receivables	15	<b>37,564</b>	23,557
Prepayments, deposits and other receivables	15	<b>1,883</b>	2,327
Pledged deposits		<b>7,000</b>	3,000
Cash and cash equivalents		<b>66,651</b>	41,185
Total current assets		<b>114,117</b>	76,346
<b>Total assets</b>		<b>135,879</b>	98,916
<b>Current liabilities</b>			
Contract liabilities	16	<b>27,839</b>	11,505
Trade and other payables	17	<b>62,751</b>	43,043
Provisions		<b>528</b>	901
Borrowings		<b>698</b>	1,203
Lease liabilities		<b>643</b>	627
Tax payable		<b>–</b>	2
Total current liabilities		<b>92,459</b>	57,281
<b>Net current assets</b>		<b>21,658</b>	19,065

		<b>31 December</b>	30 June
		<b>2024</b>	2024
	<i>Note</i>	<b>SGD'000</b>	<b>SGD'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Borrowings		<b>552</b>	455
Lease liabilities		<b>1,841</b>	2,167
		<hr/>	<hr/>
Total non-current liabilities		<b>2,393</b>	2,622
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>94,852</b>	59,903
		<hr/>	<hr/>
<b>Net assets</b>		<b>41,027</b>	39,013
		<hr/>	<hr/>
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	18	<b>1,389</b>	1,389
Share premium		<b>32,978</b>	32,978
Reserves		<b>6,660</b>	4,646
		<hr/>	<hr/>
<b>Total equity</b>		<b>41,027</b>	39,013
		<hr/>	<hr/>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Issued capital SGD'000	Share premium SGD'000	Fair value reserves SGD'000	Foreign currency translation reserves SGD'000	Retained profits SGD'000	Total equity SGD'000
<b>At 1 July 2024 (Audited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(42)*</b>	<b>(114)*</b>	<b>4,802*</b>	<b>39,013</b>
Profit for the period	–	–	–	–	1,976	1,976
Other comprehensive income for the period:						
Fair value gain on equity instruments at fair value through other comprehensive income	–	–	38	–	–	38
Total comprehensive income for the period	–	–	38	–	1,976	2,014
<b>At 31 December 2024 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(4)*</b>	<b>(114)*</b>	<b>6,778*</b>	<b>41,027</b>

  

	Issued capital SGD'000	Share premium SGD'000	Fair value reserves SGD'000	Foreign currency translation reserves SGD'000	Retained profits SGD'000	Total equity SGD'000
<b>At 1 July 2023 (Audited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(62)</b>	<b>(114)</b>	<b>3,231</b>	<b>37,422</b>
Profit for the period	–	–	–	–	212	212
Other comprehensive income for the period:						
Fair value gain on equity instruments at fair value through other comprehensive income	–	–	42	–	–	42
Total comprehensive income for the period	–	–	42	–	212	254
<b>At 31 December 2023 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(20)*</b>	<b>(114)*</b>	<b>3,443*</b>	<b>37,676</b>

\* The reserve in the interim condensed consolidated statement of financial position as at 31 December 2024 comprised of fair value loss of SGD4,000 (six months ended 31 December 2023: SGD20,000), foreign currency translation loss of SGD114,000 (six months ended 31 December 2023: SGD114,000) and retained profits of SGD6,778,000 (six months ended 31 December 2023: SGD3,443,000).

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit before tax	1,969	212
Adjustments for:		
Depreciation of property, plant and equipment	1,228	1,170
Depreciation of investment properties	15	15
Bank interest income	(520)	(499)
Dividend income	(9)	(13)
Gain on disposal of property, plant and equipment	(89)	(126)
Gain on disposal of equity investments	(144)	–
Finance costs	94	56
Provisions for defect liabilities	(4)	(32)
Provision for onerous contracts	(369)	(472)
<b>Operating cash flows before changes in working capital</b>	<b>2,171</b>	<b>311</b>
Changes in working capital:		
Decrease in contract assets	5,258	3,007
Increase in contract liabilities	16,334	2,029
(Increase)/decrease in trade and other receivables	(13,563)	304
Increase in trade and other payables	19,708	10,252
<b>Cash generated from operations</b>	<b>29,908</b>	<b>15,903</b>
Income tax refund/(paid)	5	(15)
<b>Net cash generated from operating activities</b>	<b>29,913</b>	<b>15,888</b>

	<b>Six months ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>SGD'000</b>	<b>SGD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from investing activities</b>		
Increase in pledged deposits	(4,000)	–
Dividend received	9	13
Proceed from disposal of equity instrument	846	–
Interest received	520	499
Purchase of items of property, plant and equipment	(860)	(505)
Proceeds from disposal of property, plant and equipment	150	143
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,335)</b>	<b>150</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid	(94)	(56)
Repayment of loans and borrowings	(708)	(513)
Payment of lease liabilities for leasehold land	(310)	(89)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(1,112)</b>	<b>(658)</b>
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>25,466</b>	<b>15,380</b>
Cash and cash equivalents at beginning of the period	41,185	22,913
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>66,651</b>	<b>38,293</b>
	<hr/>	<hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances other than time deposit	17,651	6,285
Time deposits	56,000	35,008
Less: Pledged deposits	(7,000)	(3,000)
	<hr/>	<hr/>
<b>Cash and cash equivalents as stated in the consolidated statement of cash flows</b>	<b>66,651</b>	<b>38,293</b>
	<hr/>	<hr/>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

### 1. CORPORATE INFORMATION

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

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

Ideal Smart Ventures Limited (“**Ideal Smart**”), a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate and ultimate holding company of the Company.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

#### 2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2024.

The unaudited interim condensed consolidated financial information is presented in Singapore Dollars (“**SGD**”) and all value are rounded to the nearest thousand (“**SGD’000**”), unless otherwise stated.

#### 2.2 New standards, interpretations and amendment adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2024, except for the adoption of new standards effective as of 1 July 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments and interpretations apply for the first time in the financial period ended 31 December 2024 do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the unaudited interim condensed 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 of the 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.

In preparing this unaudited interim condensed consolidated financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2024.



#### 4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, liquidity risk and market risk.

The unaudited interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2024.

There have been no changes in the financial risk management policies of the Group since the financial year ended 30 June 2024.

#### 5. 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.

##### Six months ended 31 December 2024

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
<b>Revenue</b>				
External customers	<u>105,343</u>	<u>557</u>	<u>–</u>	<u>105,900</u>
<b>Segment results</b>	<u>2,048</u>	<u>270</u>	<u>(342)</u>	<u>1,976</u>
<b>Segment assets</b>	<u>134,278</u>	<u>611</u>	<u>990</u>	<u>135,879</u>
<b>Segment liabilities</b>	<u>94,616</u>	<u>138</u>	<u>98</u>	<u>94,852</u>
<b>Other Segment information</b>				
Interest income	520	–	–	520
Finance cost	94	–	–	94
Depreciation of property, plant and equipment	1,228	–	–	1,228
Depreciation of investment properties	<u>15</u>	<u>–</u>	<u>–</u>	<u>15</u>

Six months ended 31 December 2023

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
<b>Revenue</b>				
External customers	64,341	312	–	64,653
<b>Segment results</b>	256	302	(346)	212
<b>Segment assets</b>	95,021	398	1,288	96,707
<b>Segment liabilities</b>	58,826	50	155	59,031
<b>Other Segment information</b>				
Interest income	499	–	–	499
Finance cost	56	–	–	56
Depreciation of property, plant and equipment	1,170	–	–	1,170
Depreciation of investment properties	15	–	–	15

#### Geographical information

The Group's revenue during the periods 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 periods were all located in Singapore.

## 6. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts for the provision of general building and construction services.

#### Disaggregated revenue information

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

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>By revenue stream</b>		
General building and construction	105,343	64,341
Rental of dormitory	557	312
	<b>105,900</b>	<b>64,653</b>
<b>By timing of revenue recognitions</b>		
Over time	<b>105,900</b>	<b>64,653</b>

## 7. OTHER INCOME AND GAIN

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Government grants ( <i>Note</i> )	66	83
Bank interest income	520	499
Rental income	292	257
Dividend income from equity investments	9	13
	<u>887</u>	<u>852</u>
<b>Gain</b>		
Gain arising on disposal of property, plant and equipment	89	126
Gain on disposal of equity investments	144	–
	<u>1,120</u>	<u>978</u>

*Note:* Government grants were received by a subsidiary from various government authorities in Singapore for employment incentives, productivity improvement and novel coronavirus (“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 SGD39,000 (six months ended 31 December 2023: SGD61,000).

## 8. FINANCE COSTS

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Interest on:</b>		
Bank loans	7	18
Hire purchases	18	–*
Lease liabilities	69	38
	<u>94</u>	<u>56</u>

\* Amount less than SGD 1,000

## 9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
Cost of construction work	99,532	61,510
Depreciation ( <i>Note (a)</i> )	1,228	1,170
Less: Amount included in cost of construction work	(981)	(844)
	<u>247</u>	<u>326</u>
Depreciation of investment properties	15	15
Expenses relating to short-term leases and leases of low-value assets ( <i>Note (b)</i> )	46	42
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	31	17
Employee benefit expense (excluding Directors' remuneration):		
Salaries, allowances and benefits-in-kind	8,486	5,943
Pension scheme contributions (excluding Directors' pension scheme contributions)	380	318
	<u>8,866</u>	<u>6,261</u>
Less: Amount included in cost of construction work	<u>(5,668)</u>	<u>(4,776)</u>
	<u><u>3,198</u></u>	<u><u>1,485</u></u>

*Notes:*

- (a) Depreciation for the six months ended 31 December 2024 comprise depreciation of property, plant and equipment of SGD897,000 (six months ended 31 December 2023: SGD1,075,000) and depreciation of right-of-use assets of SGD331,000 (six months ended 31 December 2023: SGD95,000).
- (b) The Group leases certain of its leasehold properties, warehouse premises and workers' quarters with either lease terms of 12 months or less or with low value. The Group applied the "short-term lease" and "lease of low-value assets" recognition exemption for these leases.

## 10. INCOME TAX CREDIT

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.

No Hong Kong profits tax and Singapore corporate income tax have been made as the Group did not generate any assessable profits arising in Hong Kong and Singapore during each of the financial period.

## 11. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2024 is based on the unaudited profit for the period attributable to shareholders of the Company of SGD1,976,000 (unaudited profit for the six months ended 31 December 2023: SGD212,000), and the weighted average number of ordinary shares in issue of 800,000,000 (six months ended 31 December 2023: 800,000,000) during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each these periods.

## 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, the Group acquired assets with a cost of SGD861,000 (six months ended 31 December 2023: SGD505,000).

Assets with net carrying amount of SGD61,000 (six months ended 31 December 2023: SGD17,000) were disposed by the Group during the six months ended 31 December 2024, resulting in a net gain of disposal of SGD89,000 (six months ended 31 December 2023: SGD126,000).

## 14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group's equity investments at fair value through other comprehensive income are all listed equity investments stated at fair value and are not held for trading.

## 15. TRADE AND OTHER RECEIVABLES

	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
<b>Trade receivables</b>		
Trade receivables	12,941	7,705
Unbilled receivables	24,623	15,852
	<u>37,564</u>	<u>23,557</u>
<b>Prepayments, deposits and other receivables</b>		
Prepayments	49	36
Deposits	887	848
Other receivables	947	1,443
	<u>1,883</u>	<u>2,327</u>

Unbilled receivables are those accrued revenue which the construction certification is issued by the customers before period-end but no billing has been raised to customers. The Group's rights of the unbilled revenue are unconditional.

Included in other receivables are purchases made on behalf of subcontractors amounted to SGD943,000 (30 June 2024: SGD1,221,000). The amount is unsecured, interest-free and repayable on demand.

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

	<b>31 December 2024 SGD'000 (Unaudited)</b>	30 June 2024 SGD'000 (Audited)
– Within one month	12,825	7,146
– 1 to 2 months	75	547
– 2 to 3 months	35	6
– Over 3 months	<u>6</u>	<u>6</u>
	<b><u>12,941</u></b>	<b><u>7,705</u></b>

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

The Group applies the simplified approach to provide for expected credit losses (“ECL”) 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 periods. 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 31 December 2024 and 30 June 2024.

## 16. CONTRACT BALANCES

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

	<b>31 December 2024 SGD'000 (Unaudited)</b>	30 June 2024 SGD'000 (Audited)
Contract assets	<b><u>1,019</u></b>	<b><u>6,277</u></b>
Contract liabilities	<b><u>(27,839)</u></b>	<b><u>(11,505)</u></b>

### Notes:

- (a) 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.
- (b) The Group applies the simplified approach to provide for ECLs 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 periods. 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 31 December 2024 and 30 June 2024.

- (c) Contract liabilities are the Group's obligations to transfer goods and services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue when the Group performs under contract.
- (d) As at 31 December 2024 and 30 June 2024, performance bonds amounting to SGD 42,962,000 and SGD33,822,000, respectively, were issued by an insurance company 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 company to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance company 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.

## 17. TRADE AND OTHER PAYABLES

	<b>31 December 2024 SGD'000 (Unaudited)</b>	30 June 2024 SGD'000 (Audited)
Trade payables	15,964	5,060
Accrued subcontractor costs	27,817	22,862
Accrued operating expenses	1,942	1,466
Retention payables	15,086	12,398
Deposit received	228	126
GST payable	1,714	1,131
	<u>62,751</u>	<u>43,043</u>

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

Accrued subcontractor costs are those subcontractor costs incurred but related invoices have not been received as at the end of the reporting period.

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

	<b>31 December 2024 SGD'000 (Unaudited)</b>	30 June 2024 SGD'000 (Audited)
– Within one month	10,586	4,429
– 1 to 2 months	5,150	201
– 2 to 3 months	201	247
– Over 3 months	27	183
	<u>15,964</u>	<u>5,060</u>

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:

	<b>31 December 2024 SGD'000 (Unaudited)</b>	<b>30 June 2024 SGD'000 (Audited)</b>
Due within one year	<b>4,227</b>	5,464
Due after one year	<b>10,859</b>	6,934
	<b>15,086</b>	12,398

## 18. SHARE CAPITAL

	<b>31 December 2024</b>		<b>30 June 2024</b>	
	<b>Number of shares '000</b>	<b>Share capital HKD'000</b>	<b>Number of shares '000</b>	<b>Share capital HKD'000</b>
<i>Authorised:</i>				
Ordinary shares of HKD0.01 each	<b>15,000,000</b>	<b>150,000</b>	15,000,000	150,000

	<b>31 December 2024</b>		<b>30 June 2024</b>	
	<b>Number of shares '000</b>	<b>Share capital SGD'000</b>	<b>Number of shares '000</b>	<b>Share capital SGD'000</b>
<i>Issued and fully paid:</i>				
Ordinary shares of HKD0.01 each	<b>800,000</b>	<b>1,389</b>	800,000	1,389



## 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 40 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 its quality of work, especially in building construction works for the public sector.

As at 31 December 2024, the Group had 8 (30 June 2024: 7) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD810.8 million (30 June 2024: approximately SGD609.8 million).

### OUTLOOK

According to the announcement of the Ministry of Trade and Industry (the “MTI”) published on 14 February 2025, Singapore’s economy expanded by 5.0 per cent on a year-on-year basis in the fourth quarter of 2024, moderating from the 5.7 per cent growth in the previous quarter. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.5 per cent, slower than the 3.0 per cent expansion in the previous quarter. Growth in the construction sector came in at 4.4 per cent year-on-year, following the 5.6 per cent growth in the third quarter, on account of expansions in both public and private sector construction output. On a quarter-on-quarter seasonally adjusted basis, the sector grew by 0.3 per cent, moderating from the 1.9 per cent expansion in the previous quarter. For the whole of 2024, the sector expanded by 4.5 per cent, extending the 5.8 per cent expansion in 2023. The MTI’s forecast that Singapore’s external demand outlook is expected to be resilient for the rest of the year. However, global downside risks in the economy remain. First, ongoing trade frictions among major economies, alongside lingering risks of escalation in geopolitical conflicts, could lead to higher production costs, as well as greater global economic policy uncertainty. These could in turn dampen global investment and trade and weigh on global growth. Second, disruptions to the global disinflation process could lead to tighter financial conditions for longer, potentially triggering latent vulnerabilities in banking and financial systems. The MTI maintains that the GDP growth forecast for 2025 is “1.0 to 3.0 per cent”.

On 25 January 2025, the Monetary Authority of Singapore (the “MAS”) announced that Singapore’s economic growth is expected to slowdown this year after a strong performance in the second half of 2024. For 2025, the overall output is projected to align closely with the economy’s potential. Meanwhile, MAS Core Inflation has moderated faster than anticipated and is expected to remain below 2% throughout the year, reflecting a return to stable and low underlying price pressures. As a result, MAS will slightly reduce the slope of the S\$NEER policy band while keeping the width of the band and its central level unchanged. This measured adjustment supports a modest and gradual appreciation path for the S\$NEER policy band, ensuring medium-term price stability. MAS will continue to monitor global and domestic economic developments and remain vigilant to potential risks affecting inflation and growth.

The Building and Construction Authority (the “BCA”) announced on 23 January 2025 that the total construction demand in 2025 is expected to range between SGD 47 billion and SGD 53 billion, in nominal terms, which is between 0.3% to 11.7% higher than pre-COVID levels in 2019. The strong demand is underpinned by the expected award of contracts for several large-scale developments, such as the Changi Airport Terminal 5 (T5) and the expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. Other contributors include high-specification industrial buildings, educational developments, healthcare facilities, Mechanical and Engineering contracts for the Thomson-East Coast Line Extension (TEL) and Cross Island Line (CRL), and infrastructure works for the Woodlands Checkpoint extension and the Tuas Port.

The Group’s focus as a building contractor will remain unchanged – To be a leading main contractor in 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 believes that continued investments to enhance the Group’s workforce and adopt new building technologies to support improved productivity for construction projects will strengthen our competitive edge in the tender and delivery of new construction projects.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue for the six months ended 31 December 2024 was SGD105.9 million, representing an increase of SGD41.2 million or 63.7% as compared to that of SGD64.7 million for the six months ended 31 December 2023. The increase in revenue was mainly driven by more construction projects engaged for the six months ended 31 December 2024 as compared to those for the previous period.

### **Cost of sales**

Cost of sales for the six months ended 31 December 2024 was SGD99.5 million, representing an increase of SGD38.0 million or 61.8%, from SGD61.5 million for the six months ended 31 December 2023. The increase was mainly driven by more construction activities which is in line with the increase in revenue.

### **Gross profit and gross profit margin**

Gross profit increased by SGD3.3 million from SGD3.1 million for the six months ended 31 December 2023 to SGD6.4 million for the six months ended 31 December 2024, and the gross profit margin increased to 6.0% for the six months ended 31 December 2024 from gross profit margin of 4.9% for the six months ended 31 December 2023. The increase in gross profit and gross profit margin was mainly due to more stable profit margins from newly awarded projects.

### **Other income and gain**

Other income and gain increased by SGD0.1 million from SGD1.0 million for the six months ended 31 December 2023 to SGD1.1 million for the six months ended 31 December 2024. The increase was mainly due to gain on disposal of equity investments as compared to that for the previous period.

### **Finance costs**

The Group's finance costs increased by SGD38,000 from SGD56,000 for the six months ended 31 December 2023 to SGD94,000 for the six months ended 31 December 2024. The increase was mainly due to an increase in hire purchases and lease arrangement entered during the six months ended 31 December 2024 as compared to that for the previous period.

### **Income tax expense**

There was no income tax expense incurred as the Group did not record any assessable profits for the six months ended 31 December 2024 and 31 December 2023.

### **Profit for the period**

As a result of the above factors, the Group recorded a profit of SGD2.0 million for the six months ended 31 December 2024 as compared to a profit of SGD0.2 million for the six months ended 31 December 2023.

## **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 31 December 2024 amounted to SGD66.7 million (30 June 2024: SGD41.2 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 31 December 2024, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of SGD3.7 million (30 June 2024: SGD4.5 million).

The Group recorded total current assets of SGD114.1 million as at 31 December 2024 (30 June 2024: SGD76.3 million) and total current liabilities of SGD92.5 million as at 31 December 2024 (30 June 2024: SGD57.3 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 1.2 as at 31 December 2024 (30 June 2024: 1.3).

The Group's total equity attributable to owners of the Company remained stable at SGD41.0 million as at 31 December 2024 (30 June 2024: SGD39.0 million).

## **GEARING RATIO**

As at 31 December 2024, the Group's gearing ratio which was calculated by dividing the total debts (being sum of borrowings and lease liabilities) by total equity was 9.0% (30 June 2024: 11.5%).

## **CONTINGENT LIABILITIES**

As at 31 December 2024 and 30 June 2024, 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 six months ended 31 December 2024, 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 31 December 2024.

## **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group had no capital commitment (30 June 2024: Nil).

## **TREASURY POLICIES**

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

## **FOREIGN CURRENCY RISK**

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

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

## **PROSPECTS**

The Singapore Government has forecast slower economic growth for the year ahead, citing downside risks from escalating geopolitical conflicts and increased uncertainty over U.S. trade policies under President Donald Trump. Ongoing trade frictions among major economies, coupled with lingering geopolitical tensions, could contribute to rising production costs. Additionally, greater global economic policy uncertainty may dampen investment and trade, potentially weighing on global growth.

On 23 January 2025, the Building and Construction Authority (the “**BCA**”) projected that the total value of construction contracts could reach SGD53 billion in nominal terms, reflecting an almost 20% increase from the SGD44.2 billion recorded in 2024. This anticipated surge in construction demand is expected to exert additional pressure on manpower and resources within the industry. Talent attraction remains a critical challenge for construction firms, particularly in securing skilled and unskilled labour. The difficulty in recruiting and retaining skilled workers continues to pose a major constraint on project execution.

Without better planning and collaboration among stakeholders, issues such as workforce poaching could intensify in 2025, potentially squeezing profit margins. Developers, consultants, and builders will need to work more closely together to navigate these challenges effectively and capitalize on emerging opportunities in the sector.

The Group anticipates that industry consolidation and supply chain constraints will remain key challenges in the coming year. Changing economic conditions will play a crucial role in shaping the construction landscape in 2025. The Group remains vigilant in monitoring trade policy developments, particularly the recent increase in tariff rates on key strategic materials such as steel and aluminium, which could significantly impact project costs and delivery timelines.

Additionally, the Group recognizes the increasing adoption of emerging technologies in the sector. As job sites become more interconnected and data-driven, digitalization will be a critical enabler in enhancing project efficiency, optimizing resource allocation, and improving overall decision-making. The Group remains committed to leveraging technological advancements to drive innovation and enhance competitiveness in the evolving construction industry.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had 504 employees (31 December 2023: 459 employees). Total staff costs for the six months ended 31 December 2024 amounted to approximately SGD 9.4 million (six months ended 31 December 2023: approximately SGD 6.3 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 six months ended 31 December 2024 and up to the date of this announcement.

## **SEGMENT INFORMATION**

Segmental information is presented for the Group as disclosed on Note 5 to the interim condensed consolidated financial statements.

## **CHARGES ON GROUP ASSETS**

The bank facilities as at 31 December 2024 was secured against the pledged time deposits of SGD7.0 million (30 June 2024: approximately SGD3.0 million).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regulating 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 six months ended 31 December 2024 and up to the date of this announcement.

## CORPORATE GOVERNANCE PRACTICE

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 obtain and maintain 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. The Company has adopted the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 31 December 2024 up to the date of this announcement with the exception of code provision C.2.1 as explained below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan Mei Kam is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company. In view of the fact that Mr. Kwan Mei Kam 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 Mei Kam taking up both roles for effective management and business development. In particular, the Company is actively looking for suitable candidate for segregating the duties of the chief executive officer of the Company. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

Ms. Tay Yen Hua is the spouse and Ms. Kwan Shu Ming is the daughter of Mr. Kwan Mei Kam. Save as disclosed above, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between board members and in particular, between the chairman and the chief executives.

The Company engages an external service provider, which assigned Ms. Ng Hoi Ying as the company secretary of the Company. Ms. Ng Hoi Ying possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary of the Company. 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 Mei Kam, the Chairman and the executive Director as its contact point for Ms. Ng Hoi Ying.

## AUDIT COMMITTEE

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

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, 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.

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 Group's interim condensed consolidated financial statements for the six months ended 31 December 2024 have not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the interim condensed consolidated financial statements of the Group for the six months ended 31 December 2024 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Singapore, 28 February 2025

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