KWAN YONG HOLDINGS LIMITED
光 榮 建 築 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9998)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Kwan Yong Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2021, together with the comparative figures for the year ended 30 June 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	**2021** *SGD'000*	2020 *SGD'000*
Revenue	4	**90,533**	127,492
Cost of sales		**(95,710)**	(136,665)
Gross loss		**(5,177)**	(9,173)
Other income and gain	5	**6,162**	2,843
Administrative expenses		**(6,318)**	(6,602)
Listing and other expenses		**(634)**	(4,448)
Finance costs	6	**(238)**	(123)
Loss before tax	7	**(6,205)**	(17,503)
Income tax credit	8	**–**	552
Loss for the year attributable to shareholders of the Company		**(6,205)**	(16,951)
Other comprehensive (loss)/income			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		**(737)**	499
Other comprehensive (loss)/income for the year, net of tax		**(737)**	499
Total comprehensive loss for the year attributable to shareholders of the Company		**(6,942)**	(16,452)
Basic and diluted earnings per share (cents)	10	**(0.78)**	(2.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Group	
		2021	2020
	Note	***SGD'000***	*SGD'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**18,257**	17,510
Investment properties		**1,872**	1,903
Right-of-use assets		**1,649**	1,306
Total non-current assets		**21,778**	20,719
Current assets			
Contract assets	*12*	**12,443**	12,828
Trade receivables	*13*	**12,641**	5,654
Prepayments, deposits and other receivables	*14*	**2,749**	7,616
Pledged deposits		**4,000**	4,000
Cash and cash equivalents		**32,542**	48,052
Total current assets		**64,375**	78,150
Total assets		**86,153**	98,869
Current liabilities			
Contract liabilities	*12*	**667**	4,387
Trade payables	*15*	**40,853**	40,462
Other payables and accruals	*16*	**827**	1,208
Provisions	*17*	**1,255**	1,932
Deferred grants		**4**	468
Borrowings		**1,766**	1,585
Lease liabilities		**167**	14
Total current liabilities		**45,539**	50,056
Net current assets		**18,836**	28,094

	Note	Group 2021 SGD'000	2020 SGD'000
Total assets less current liabilities		**40,614**	48,813
Non-current liabilities			
Deferred grants		**–**	4
Borrowings		**3,646**	5,125
Lease liabilities		**1,542**	1,316
Total non-current liabilities		**5,188**	6,445
Total liabilities		**50,727**	56,501
Net assets		**35,426**	42,368
Equity attributable to shareholders of the Company			
Issued capital	*18*	**1,389**	1,389
Share premium		**32,978**	32,978
Reserves		**1,059**	8,001
Total equity		**35,426**	42,368

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

		Attributable to shareholders of the Company					
	Note	**Issued capital**	**Share premium account**	**Merger reserve**	**Foreign currency translation reserve**	**Retained profits**	**Total equity**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Year ended 30 June 2020							
At 1 July 2019		–#	–	15,000*	–	24,453*	39,453
Loss for the year		–	–	–	–	(16,951)	(16,951)
Other comprehensive income for the year:							
Foreign currency translation		–	–	–	499	–	499
Total comprehensive income/(loss) for the year		–	–	–	499	(16,951)	(16,452)
Issue of new shares pursuant to a Capitalisation Issue in connection with the Global Offering^	*18*	1,038	13,962	(15,000)	–	–	–
Issue of new shares pursuant to the Global Offering	*18*	351	22,438	–	–	–	22,789
Expenses incurred in connection with the Listing	*18*	–	(3,422)	–	–	–	(3,422)
At 30 June 2020 and 1 July 2021		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		1,389	32,978	–*	(238)*	1,297*	(35,426)

Less than SGD500.

^ During the year ended 30 June 2020, the Company made an offer to the public for subscription of its new shares and undertook an international placing of its new shares (collectively, the "**Global Offering**") in connection with the listing of the Company's shares (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Dealing of the Company's shares on the Stock Exchange commenced on 8 January 2020.

* These reserves accounts comprise the consolidated reserves of approximately SGD1,059,000 (2020: approximately SGD8,001,000) in the consolidated statement of financial position as at 30 June 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	Note	2021 SGD'000	2020 SGD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,205)**	(17,503)
Adjustments for:			
Bank interest income	5	**(142)**	(247)
(Gain)/loss on disposal of property, plant and equipment, net	7	**(38)**	13
Amortisation of deferred capital grants	5	**(40)**	(47)
Finance costs	6	**238**	123
Impairment of property, plant and equipment	7	**–**	600
Depreciation of property, plant and equipment	7	**1,889**	1,814
Depreciation of investment properties	7	**31**	31
Depreciation of right-of-use assets	7	**113**	38
Write-off of trade receivables	7	**–**	84
Government grant not yet received		**(150)**	(686)
Provision for defect liabilities	17	**(75)**	652
Provision for onerous contracts	17	**(602)**	905
Operating cash flows before changes in working capital		**(4,981)**	(14,223)
Decrease in contract assets		**385**	14,236
(Increase)/decrease in trade receivables		**(6,987)**	17,150
Decrease/(increase) in prepayments, deposits and other receivables		**4,847**	(4,879)
(Decrease)/increase in contract liabilities		**(3,720)**	3,797
Increase in trade payables		**391**	7,396
(Decrease)/increase in other payables and accruals		**(381)**	458
Cash flows (used in)/generated from operations		**(10,446)**	23,935
Income tax refund/(paid)		**97**	(1,213)
Interest paid		**–**	(2)
Net cash flows (used in)/generated from operating activities		**(10,349)**	22,720
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of time deposits with original maturity of more than three months when acquired		**(4,000)**	(9,000)
Withdrawal of time deposits with original maturity of more than three months when acquired		**4,000**	12,000
Interest received		**142**	247
Purchase of items of property, plant and equipment		**(3,130)**	(1,510)
Proceeds from disposal of property, plant and equipment		**251**	49
Net cash flows (used in)/generated from investing activities		**(2,737)**	1,786

	2021 *SGD'000*	2020 *SGD'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(238)**	(121)
Payment for lease liabilities for leasehold land	**(77)**	(14)
Payment of principal portion under hire purchase obligation	**(667)**	(290)
Proceeds from bank borrowings	**–**	5,000
Repayment of bank borrowings	**(987)**	(103)
Proceeds from issuance of shares, net	**–**	19,367
Net cash flows (used in)/generated from financing activities	**(1,969)**	23,839
Net (decrease)/increase in cash and cash equivalents	**(15,055)**	48,345
Cash and cash equivalents at beginning of year	**48,052**	(792)
Effect of foreign exchange rate changes	**(737)**	499
Cash and cash equivalents at end of year	**32,260**	48,052
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	**15,349**	30,650
Time deposits	**21,193**	21,402
Less: Pledged deposits	**(4,000)**	(4,000)
Cash and cash equivalents as stated in the consolidated statement of financial position	**32,542**	48,052
Less: Bank overdrafts	**(282)**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	**32,260**	48,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 7 September 2018. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands, and the headquarter and principal place of business in Singapore of the Company is located at 11 Joo Koon Crescent, Singapore 629022.

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

Ideal Smart Ventures Limited, a company incorporated in the British Virgin Islands, is the immediate holding company and the ultimate holding company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Pursuant to the reorganisation (the "**Reorganisation**") in connection with the listing of the shares of the Company on the Stock Exchange, as more fully explained in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the prospectus of the Company dated 24 December 2019 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 13 December 2019. The Reorganisation only involved inserting new holding companies of an existing company and has not resulted in any change of economic substances. Accordingly, for the purpose of this announcement, the consolidated financial statements have been presented by applying the principles of pooling of interest.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the year ended 30 June 2020 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Company. The consolidated statements of financial position of the Group as at 30 June 2020 have been prepared to present the assets and liabilities of the companies now comprising the Group using the existing book values of the relevant entities. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and the disclosures requirement of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 July 2020 have been adopted by the Group in the preparation of the consolidated financial statements for the year ended 30 June 2021.

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

The consolidated financial statements are presented in Singapore Dollars ("**SGD**") and all values are rounded to the nearest thousand ("**SGD'000**"), except where otherwise stated.

2.2 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2020. The adoption of these new standards did not have any material effect on the financial performance or position of the Company. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3 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.

2.4 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 IFRS 9 *Financial instruments,* IAS 39 *Financial Instruments: Recognition and Measurement,* IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance Contracts,* IFRS 16 *Leases: Interest Rate Benchmark Reform – Phase 2*	1 January 2021
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 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.

3. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during the financial years ended 30 June 2021 and 2020, and the Group's total assets as at the end of the financial years ended 30 June 2021 and 2020 were derived from one single operating segment, i.e., provision of general building and construction services.

Geographical information

The Group's revenue during the financial years ended 30 June 2021 and 2020 were all derived from external customers based in Singapore, and the Group's non-current assets, excluding financial assets, as at the end of the financial years ended 30 June 2021 and 2020 were all located in Singapore.

Information about major customers

Revenue from major customers, which contributed 10% or more of the Group's revenue for years ended 30 June 2021 and 2020, is set out below:

	2021	2020
	SGD'000	*SGD'000*
Customer A	**55,742**	57,730
Customer B	**21,598**	19,895
Customer C	**10,923**	N/A*
Customer D	**N/A***	28,039

* The customer did not contribute 10% or more of the Group's revenue in the year ended 30 June 2021 and 2020.

4. REVENUE

(a) Disaggregation revenue information

Revenue are recognised over time which represents an appropriate proportion of contract revenue of construction contracts for the provision of general building and construction services. All revenue are generated in Singapore.

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.

(b) 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:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Expected to be recognised:		
Within one year	**80,648**	129,323
More than one year	**42,120**	80,957
	122,768	210,280

Variable consideration that is constrained is not included in the transaction price. The Group determined that the estimates of variable consideration are not constrained.

The lower actual revenue for the financial year ended 30 June 2021 as compared to the previous year's estimated revenue to be recognised in the current financial year was mainly due to the slow and gradual resumption of construction works post-circuit breaker period (the circuit breaker period was from 6 April 2020 to 1 June 2020 (both days inclusive) (the "**Circuit Breaker Period**")) and increased project cost that had adversely affected the rate of revenue being recognised.

5. OTHER INCOME AND GAIN

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

		Group	
		2021	2020
		SGD'000	*SGD'000*
Other income			
Bank interest income		**142**	247
Government grants	*(a)*	**3,603**	2,061
Amortisation of deferred capital grants		**40**	47
Rental income		**413**	485
COVID-19 related prolongation claims	*(b)*	**1,926**	–
Sundry income		**–**	3
		6,124	2,843
Gain			
Gain on disposal of property, plant and equipment		**38**	–
		6,162	2,843

Notes:

(a) During the years ended 30 June 2021 and 2020, subsidies were received by a subsidiary from various government authorities in Singapore for employment incentives, productivity improvement and novel coronavirus (the "**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 SGD3,486,000 (2020: approximately SGD1,944,000).

(b) During the year ended 30 June 2021, COVID-19 related prolongation claims in relation to the co-share of prolongation costs with project owners due to COVID-19 events were received by a subsidiary.

6. FINANCE COSTS

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

	Group	
	2021	2020
	SGD'000	*SGD'000*
Interest on:		
Bank overdraft	**–**	2
Term loan	**102**	26
Hire purchases	**42**	25
Lease liabilities	**94**	70
	238	123

7. LOSS BEFORE TAX

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

		Group	
		2021	2020
	Note	***SGD'000***	*SGD'000*
Cost of construction work		**95,407**	135,760
Onerous contract	*17*	**303**	905
Depreciation of property, plant and equipment		**1,889**	1,814
Less: Amount included in cost of construction work		**(1,381)**	(1,030)
		508	784
Depreciation of investment properties		**31**	31
Depreciation of right-of-use assets		**113**	38
Expensed relating to short-term leases and leases of low value assets		**373**	510
Less: Amount included in cost of construction work		**(213)**	(434)
		160	76
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**27**	19
Employee benefit expense (excluding directors' remuneration):			
Salaries, allowances and benefits in kind		**7,470**	7,865
Wages		**2,467**	2,890
Pension scheme contributions		**557**	609
		10,494	11,364
Less: Amount included in cost of construction work		**(7,936)**	(8,520)
		2,558	2,844
Provision for defect liability	*17*	**186**	652
Auditors remuneration			
– Audit Fees		**160**	160
– Non-audit fees		**4**	–
Write-off of trade receivables		**–**	84
COVID-19 related expenses		**634**	2,287
(Gain)/loss on disposal of property, plant and equipment		**(38)**	13
Impairment of property, plant and equipment		**–**	600

8. 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.

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 2021 and 2020.

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

	Group	
	2021	2020
	SGD'000	*SGD'000*
Current tax – Singapore:		
Charge for the year	**–**	–
Overprovision in prior years	**–**	(291)
	–	(291)
Deferred tax	**–**	(261)
	–	(552)

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 credit at the effective tax rate is as follows:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Loss before tax	**(6,205)**	(17,503)
Tax at the statutory rate of 17% (2020: 17%)	**(1,055)**	(2,975)
Income not subject to tax	**(221)**	(17)
Expenses not deductible for tax	**337**	537
Deferred tax benefits on temporary differences not recognised	**939**	2,228
Adjustments in respect of current tax of previous years	**–**	(291)
Adjustments in respect of deferred tax of previous years	**–**	(34)
Tax credit for the year	**–**	(552)

At the end of the reporting period, the Group has tax losses of approximately SGD16,885,000 (2020: approximately SGD12,533,000) 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.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the financial years ended 30 June 2021 and 2020.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Group	
	2021	2020
Loss attributable to the shareholders of the Company (SGD)	**(6,205,000)**	(16,951,000)
Weighted average number of ordinary shares in issue	**800,000,000**	800,000,000
Basic and diluted earnings per shares (Singapore cents)	**(0.78)**	(2.12)

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 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of these years.

11. PROPERTY, PLANT AND EQUIPMENT

Additions and Disposals

During the year ended 30 June 2021, the Group acquired assets with a cost of approximately SGD3,310,000 (2020: approximately SGD2,943,000).

Assets with a net carrying amount of approximately SGD674,000 (2020: approximately SGD62,000) were disposed by the Group during the current financial year, resulting in a net gain on disposal of approximately SGD38,000 (2020: net loss of approximately SGD13,000).

12. CONTRACT BALANCES

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

		Group	
		2021	2020
		SGD'000	*SGD'000*
Contract assets:			
Retention receivables	*(a)*	**420**	382
Other contract assets	*(b)*	**12,023**	12,446
Total contract assets	*(c)*	**12,443**	12,828
Trade receivables	*13*	**12,641**	5,654
Contract liabilities	*(d)*	**(667)**	(4,387)

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:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Due after one year	**420**	382

(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 decrease in contracts assets during the year ended 30 June 2021 was the result of the decrease 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 2021.

The expected timing of recovery or settlement of contract assets as at the end of each of the years ended 30 June 2021 and 2020 is as follows:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Within one year	**8,570**	11,411
More than one year	**3,453**	1,035
Total other contract assets	**12,023**	12,446

(c) The Group applies the simplified approach to provide for expected credit losses (the "**ECL**") as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the Directors, 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 2021 and 2020.

(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 2021 and 2020:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Revenue recognised that was included in the contract liabilities balance at beginning of the year	**3,720**	590

(e) As at 30 June 2021, performance bonds amounting to approximately SGD17,165,000 (2020: approximately SGD24,661,000) 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 or corporate guarantee.

13. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on a 30-day 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 expected credit losses 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, 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 2021 and 2020.

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

	Group	
	2021	2020
	SGD'000	*SGD'000*
Within one month	**7,334**	2,417
1 to 2 months	**–**	896
2 to 3 months	**–**	20
Over 3 months	**3**	338
	7,337	3,671
Unbilled receivables*	**5,304**	1,983
	12,641	5,654

* 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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2021	2020
	SGD'000	*SGD'000*
Advance payments to sub-contractors	**–**	805
Prepayments	**183**	360
Deposits	**183**	849
GST receivable	**10**	–
Government grant receivable	**150**	1,114
Tax recoverable	**113**	210
Prolongation claim receivable	**516**	–
Other receivables	**1,594**	4,278
	2,749	7,616

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 SGD1,221,000 (2020: approximately SGD4,278,000). The amount is unsecured, interest-free and repayable on demand.

15. TRADE PAYABLES

		Group	
		2021	2020
		SGD'000	*SGD'000*
Trade payables	*(a)*	**29,012**	29,174
Retention payables	*(b)*	**11,841**	11,288
		40,853	40,462

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:

	Group	
	2021	2020
	SGD'000	*SGD'000*
Within one month	**1,649**	193
1 to 2 months	**414**	174
2 to 3 months	**4**	181
Over 3 months	**315**	821
	2,382	1,369
Unbilled payables *	**26,630**	27,805
	29,012	29,174

* Unbilled payables are accrued subcontractor costs but related invoices have not been received as at the end of the reporting period.

(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:

	2021	2020
	SGD'000	*SGD'000*
Due within one year	**4,701**	2,450
Due after one year	**7,140**	8,838
	11,841	11,288

16. OTHER PAYABLES AND ACCRUALS

	Group	
	2021	2020
	SGD'000	*SGD'000*
Accruals	**736**	515
Deposits received	**91**	95
GST payable	**–**	598
	827	1,208

17. PROVISIONS

	Group		
	Defect liabilities	**Onerous contracts**	**Total**
	SGD'000	*SGD'000*	*SGD'000*
At 1 July 2019	375	–	375
Additional provision made during the year	652	905	1,557
At 30 June 2020 and 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)
As at 30 June 2021	952	303	1,255

Provision for defect liabilities is recognised for expected claim on defective works for completed construction projects, based on the Group's expectation and past experience of the level of repair works.

Provision for onerous contracts relates to unavoidable costs of meeting the obligation under the construction contracts with customers, which exceeds the economic benefits expected to be received under the contracts.

18. ISSUED CAPITAL

	2021	2020
	HKD'000	*HKD'000*
Authorised:		
15,000,000,000 ordinary share of HKD0.01 each	**150,000**	150,000

	2021	2020
	SGD'000	*SGD'000*
Issued and fully paid:		
800,000,000 ordinary share of HKD0.01	**1,389**	1,389

The movement in the Company's issued capital from 1 July 2019 to 30 June 2021 is as follows:

	Number of shares in issue	**Issued capital** *SGD'000*	**Total** *SGD'000*
As at 1 July 2019	1	–#	–#
Issue of new shares for acquisition of subsidiaries pursuant to Reorganisation *(Note (b))*	2	–#	–#
Issue of new shares pursuant to Capitalisation Issue *(Note (c))*	599,999,997	1,038	1,038
Issue of new shares in connection with the Listing *(Note (d))*	200,000,000	351	351
As at 30 June 2020, 1 July 2020 and 30 June 2021	800,000,000	1,389	1,389

Less than SGD500

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 September 2018 with an authorised share capital of HKD380,000 divided into 38,000,000 shares of HKD0.01 each, of which one share was allotted and issued at par value on the same date.

(b) On 13 December 2019, pursuant to a reorganisation agreement entered into between the Company and two Directors, as part of the Reorganisation, the Company issued a total of 2 ordinary shares of HKD0.01 each as consideration for the acquisition of the entire equity interests in Forever Brilliant International Limited which is the then holding company of Kwan Yong Construction Pte Ltd, as further detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

(c) Pursuant to the written resolutions passed by shareholders of the Company on 17 December 2019, the Directors were authorised to capitalise an aggregate amount of HKD5,999,999 standing to the credit of the share premium of the Company as a result of the Global Offering and to appropriate such amount as capital to pay up in full par 599,999,997 shares of HKD0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company immediately prior to the Listing, each ranking pari passu in all respect with the then existing issued shares (the "**Capitalisation Issue**"). The Capitalisation Issue had been completed on 8 January 2020.

(d) On 7 January 2020, 200,000,000 ordinary shares of par value HKD0.01 each were issued at a price of HKD0.65 per share in connection with the Listing for a total proceeds of approximately SGD19,367,000, net of listing expenses of approximately SGD3,422,000, of which HKD2,000,000 (equivalent to approximately SGD351,000) representing the par value were credited to the Company's share capital and the remaining proceeds of approximately HKD108,488,000 (equivalent to approximately SGD19,016,000) were credited to the share premium account. The shares of the Company have been listed on the Main Board of the Stock Exchange since 8 January 2020.

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 30 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 2021, the Group had 6 (2020: 7) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD293.8 million (2020: approximately SGD312.8 million).

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

OUTLOOK

The Group expects to face a challenging landscape in the near-term as profit margins will remain slim due to rising costs presented by the compliance requirements to maintain safe management measures at the work sites, rising costs of building materials and labour shortages. Any resurgence and emergence of new COVID-19 variants in Singapore as well as disruptions in the global supply chain for raw materials will also severely impact our Group.

The pandemic has also resulted in a labour shortage for the construction sector. Singapore's construction sector is heavily reliant on foreign labour, the majority of whom come from neighbouring Asian countries such as Malaysia, Bangladesh, India, and Myanmar. The restrictions on travel, coupled with the ongoing COVID-19 transmission in these markets, resulted in a shortage of construction labour. Furthermore, the continued border control measures have also led to companies charging higher for supplying labour and firms "poaching" workers from other contractors.

The COVID-19 pandemic has also led to decreased productivity in construction sector. Safe distancing measures implemented during the pandemic have led to a decrease in the number of workers working on a construction site at a given time. Although the Circuit Breaker Period has been lifted from 1 June 2020, the Group was unable to resume work immediately after the Circuit Breaker Period as most of the workers were still under quarantine. Works have gradually resumed from August 2020 albeit with low productivity, due to compliance with the stringent safe distancing measures. As a result of the Circuit Breaker Period, delayed resumption of works, low productivity couple with shortage of workers, most of our ongoing projects have been delayed for 4 to 12 months, depending on the stage of progress before the Circuit Breaker Period. Cost for project completion will increase substantially as a result of the prolongation of the construction period. Fortunately, the relief packages offered by the Singapore Government to businesses have helped to offset part of the increased cost.

The Group's focus as a building contractor will remain unchanged. The Group is confident to weather through any storms with our ever-committed management team and staff. The Group will continue to prudently expand the market position for the building environment sector in Singapore and stay active as the main contractor in both public and private sector projects. During the new normal, the Group will continue to position itself to be ready for the next upturn.

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 2021 was approximately SGD90.5 million, representing a decrease of approximately 29.0% as compared to that of approximately SGD127.5 million for the year ended 30 June 2020. The decrease in revenue was mainly driven by:

(i) the slow and gradual resumption of both public and private sectors construction works during the post-Circuit Breaker Period. The Group must adopt the regulatory safe management measures ("**SMM**") at all construction sites so that construction work could resume in accordance with the government regulatory requirements. To prevent further outbreaks amongst the construction workers, construction sites must be divided into smaller zones and workers are segregated under different teams. Each shared facility can only be used by one team of workers at any point of time;

(ii) the delay in project schedules and increased project costs had adversely affected the contribution of revenue. The Group has thus far been able to obtain an extension of time for all the public sector projects; and

(iii) while construction works for the project at Canadian International School commenced after the end of the Circuit Breaker Period, the construction progress was very much in the initial stages and was subsequently suspended as per request from the client, from 9 October 2020 to 3 March 2021.

Cost of sales

Cost of sales for the year ended 30 June 2021 was approximately SGD95.7 million, representing a decrease of approximately SGD41.0 million or approximately 30.0%, from approximately SGD136.7 million for the year ended 30 June 2020. The decrease was attributed by the slow construction progress due to regulatory SMM which must be adopted at all construction sites before construction work could resume.

Gross loss and gross loss margin

Gross loss decreased by approximately 43.6% from approximately SGD9.2 million for the year ended 30 June 2020 to gross loss of approximately SGD5.2 million for the year ended 30 June 2021, and the gross loss margin decreased by 1.5 percentage points to gross loss margin of approximately 5.7% (2020: approximately 7.2%). The decrease in gross loss and gross loss margin were the combined effect of:

(i) decrease in operating expenses for the year ended 30 June 2021 as a result of cost reduction measures taken by the Group in response to the COVID-19 pandemic including but not limited to a reduction in salaries and streamlining of the workforce of the Group; and

(ii) the above-mentioned factors were partially offset by the:

    (a) slow and gradual resumption of both public and private sectors construction works resulting from the regulatory SMM implemented at the construction sites to control the spread of the COVID-19, which resulted in less revenue being recognised by the Group during the year ended 30 June 2021, while the Group was still required to bear the fixed operating costs;

    (b) additional costs incurred due to slowdown of work arising from extended dormitory quarantines, costs incurred from prolonging project timelines, and other costs to ensure construction works are in compliance with SMM regulatory requirements, costs overrun of ongoing projects in anticipation of productivity loss;

    (c) higher labour costs arising from the resurgence of the COVID-19 cases and more stringent border control measures in Singapore; and

    (d) the increase in construction material cost during the year ended 30 June 2021 due to continued delivery disruption.

Other income and gain

Other income and gain increased by approximately SGD3.4 million from approximately SGD2.8 million for the year ended 30 June 2020 to SGD6.2 million for the year ended 30 June 2021. The increase was primarily due to the receipt of government grants and COVID-19 support measures introduced by the Singapore Government to help businesses during these difficult times and other subsidies for employment incentives and productivity improvement. In addition, the increase was attributed to the receipt of COVID-19 related prolongation claims in relation to the co-share of prolongation costs with project owners due to COVID-19 events.

Finance costs

The Group's finance costs increased by approximately SGD115,000 from approximately SGD123,000 for the year ended 30 June 2020 to approximately SGD238,000 for the year ended 30 June 2021. The increase was mainly due to the increase in interest on bank loans and interest on lease liabilities.

Income tax credit

There is no income tax expense incurred as the Group recorded a loss for the year ended 30 June 2021; while there was an income tax credit of approximately SGD0.6 million for the year ended 30 June 2020.

Loss for the year

As a result of the above factors, the Group recorded a loss of approximately SGD6.2 million for the year ended 30 June 2021 as compared to a loss of approximately SGD17.0 million for the year ended 30 June 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Group listed on the Main Board of the Stock Exchange on 8 January 2020 (the "**Listing Date**"). 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 2021 amounted to approximately SGD32.5 million (2020: approximately SGD48.1 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 30 June 2021, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of approximately SGD7.1 million (2020: approximately SGD8.0 million).

The Group recorded total current assets of approximately SGD64.4 million as at 30 June 2021 (2020: approximately SGD78.2 million) and total current liabilities of approximately SGD45.5 million as at 30 June 2021 (2020: approximately SGD50.1 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.4 as at 30 June 2021 (2020: approximately 1.6).

The Group's total equity attributable to owners of the Company remained stable at approximately SGD35.4 million as at 30 June 2021 (2020: approximately SGD42.4 million).

The Group's operations are financed principally by cash generated from its business operations, bank facilities and net proceeds from the Global Offering.

GEARING RATIO

As at 30 June 2021, 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 20.1% (2020: approximately 19.0%).

CONTINGENT LIABILITIES

As at 30 June 2021 and 30 June 2020, 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 2021, 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 2021.

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 2021, the Group have no lease commitment (2020: approximately SGD214,000).

As at 30 June 2021, the Group had no capital commitment (2020: 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 unprecedented COVID-19 pandemic has disrupted project implementation schedules. The preliminary figure for construction demand in Year 2020 indicated a weakening of 36.5% to SGD21.3 billion, which was within the Building and Construction Authority's (the "**BCA**") revised forecast of SGD18 billion to SGD23 billion.

The construction sector, amid projects delayed due to the COVID-19 pandemic, is expected to see recovery over the next four years, with the public sector supporting growth in the medium term. The BCA anticipates the total construction demand in Year 2021 will recover within the range of SGD23 billion and SGD28 billion, with the public sector contributing about 65% of the total demand. The public sector is projected to drive the construction demand in Year 2021, to between SGD15 billion and SGD18 billion with an expected stronger demand for public housing and infrastructure projects.

Private sector construction demand is predicted to be between SGD8 billion and SGD10 billion in Year 2021. BCA foresees the bulk of private sector construction demand in Year 2021 to comprise development of the remaining en-bloc residential sites, major retrofitting of commercial developments as well as construction of high-specification industrial buildings to meet business needs.

While the construction sector was badly hit by the COVID-19 pandemic in Year 2020, the BCA projected that the total construction demand will grow in Year 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 2021 (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 393 employees (2020: 488 employees). Total staff costs for the year ended 30 June 2021 amounted to approximately SGD11.4 million (2020: approximately SGD12.4 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 2021 and up to the date of this announcement.

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment, i.e., provision of general building and construction services.

CHARGES ON GROUP ASSETS

The borrowings as at 30 June 2021 was secured against the building with net carrying amount of approximately SGD12.0 million (2020: approximately SGD12.3 million). As at 30 June 2021, the Group has pledged time deposits of SGD4.0 million (2020: 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 with the Group's actual business progress from the Listing Date up to 30 June 2021 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2021 as stated in the Prospectus	Actual business progress up to 30 June 2021
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 HKD18.2 million to acquire gantry crane, turnstiles & containers, scissors lift and boom lift equipment, trucks, bus and other construction equipment and machinery. Due to the COVID-19 and its impact on the construction industry, the Group have evaluated the current situation and has slowed down the acquisition of new equipment.
Strengthen the Group's financial capabilities to undertake new construction and A&A projects of larger contract value	Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency	The Group has utilised approximately HKD20.9 million for the new residential building construction project granted by the Singapore Government Agency.

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2021 as stated in the Prospectus	Actual business progress up to 30 June 2021
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 including design engineers and Prefabricated Prefinished Volumetric Construction ("**PPVC**") consultants	Due to the COVID-19 pandemic, which resulted in the slowdown of the construction sector, the Group has delayed the hiring of BIM and VDC staff.
	Upgrade BIM version Recurring costs for the BIM and other relevant software	With increased remote work driven by the COVID-19 pandemic, the Group has utilised approximately HKD2.2 million to invest in operational digitalisation technologies to boost productivity and improve efficiency for future growth.
	Construct a precast production site close to the Group's headquarters in the Tuas area in Singapore	Due to the COVID-19 pandemic, the Group has delayed its plan for the precast production site. To improve the overall productivity, the Group have constructed temporary precast production site near the Group's largest job site. The Group has utilised approximately HKD11.7 million to obtain the license for the use of state land, 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 HKD1.3 million to enhance and support the workforce. The Group will continue to position itself to prepare for an economic upturn.

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 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 adjusted 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 2021:

	Planned use of Net Proceeds from Listing Date to 30 June 2021 *Approximately HKD'million*	**Actual use of Net Proceeds from Listing Date to 30 June 2021** *Approximately HKD'million*	**Unutilised Balance of Net Proceeds from Listing Date to 30 June 2021** *Approximately HKD'million*	**Expected timeline for utilising the unutilised net proceeds**
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment	24.7	18.2	6.5	31 December 2022
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)	30.2	13.9	16.3	31 December 2022
Enhance and expand workforce to cope with business expansion	5.7	1.3	4.4	31 December 2022
Total	81.5	54.3	27.2	

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 2021 of approximately HKD34.1 million were deposited in licensed banks in Hong Kong and Singapore. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of Net Proceeds.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Except for the deviation from code provision A.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code during the year ended 30 June 2021 and up to the date of this announcement.

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan Mei Kam is the Chairman and the Chief Executive Officer. 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. Major operating decisions are usually discussed with executive Directors and senior management. All significant decisions have been consulted and communicated with Board members and respective committees. Chief executives and senior management are invited to attend Board meetings from time to time to make presentations and answer the Board's enquiries.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors confirmed that they had fully complied with the required standards set out in the Model Code and there is no event of non-compliance during the year ended 30 June 2021 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 17 December 2019. The chairman of the Audit Committee is Mr. Fong Heng Boo, an independent non-executive Director, and other members who include Mr. Lim Ah Lay, the non-executive Director, Dr. Wu Dongqing and Mr. Chou Sean Yu, 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 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 2021, the Audit Committee held three meetings to review and comment on the Company's 2020 annual results, 2020 interim results and 2021 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 2021 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 2021 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG LLP

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2021, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2021 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young LLP, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2021. The work performed by Ernst & Young LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young LLP on the preliminary announcement.

APPRECIATION

Mr. Kwan Mei Kam, the chairman of the Board, would like to express his sincerest gratitude to the shareholders, customers, suppliers and subcontractors for the continuous support. He would also like to extend his warmest thanks to all the management and staff members of the Group for the hard work and dedication throughout the year.

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

Singapore, 23 September 2021

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