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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 2022**

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 2022, together with the comparative figures for the corresponding period in 2021 as follows:

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

*For the six months ended 31 December 2022*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>SGD'000</b>	<i>SGD'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>53,595</b>	42,922
Cost of sales		<u><b>(50,628)</b></u>	<u>(42,682)</u>
<b>Gross profit</b>		<b>2,967</b>	240
Other income and gain	7	<b>631</b>	875
Administrative expenses		<b>(3,401)</b>	(3,424)
Finance costs	8	<u><b>(72)</b></u>	<u>(96)</u>
<b>Profit/(loss) before tax</b>	9	<b>125</b>	(2,405)
Income tax expense	10	<u><b>–</b></u>	<u>–</u>
<b>Profit/(loss) for the period attributable to shareholders of the Company</b>		<u><b>125</b></u>	<u>(2,405)</u>

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>SGD'000</b>	<i>SGD'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive loss</b>			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Fair value losses on equity investments at fair value through other comprehensive income		(60)	(50)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		—	20
<b>Other comprehensive loss for the period, net of tax</b>		<u>(60)</u>	<u>(30)</u>
<b>Total comprehensive income/(loss) for the period attributable to shareholders of the Company</b>		<u>65</u>	<u>(2,435)</u>
<b>Basic and diluted earnings per share (cents)</b>	<i>12</i>	<u>0.02</u>	<u>(0.30)</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

		31 December 2022 <i>SGD'000</i> (Unaudited)	30 June 2022 <i>SGD'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	17,698	18,676
Investment properties		1,825	1,841
Equity investments at fair value through other comprehensive income	14	892	952
Total non-current assets		20,415	21,469
<b>Current assets</b>			
Trade and other receivables	15	15,798	15,109
Contract assets	16	16,620	17,385
Pledged deposits		5,000	4,000
Cash and cash equivalents		24,781	13,877
Total current assets		62,199	50,371
<b>Total assets</b>		<b>82,614</b>	<b>71,840</b>
<b>Current liabilities</b>			
Trade and other payables	17	37,026	27,376
Contract liabilities	16	5,896	3,905
Provisions		547	685
Borrowings		1,122	1,312
Lease liabilities		178	175
Tax payable		5	9
Total current liabilities		44,774	33,462
<b>Net current assets</b>		<b>17,425</b>	<b>16,909</b>
<b>Total assets less current liabilities</b>		<b>37,840</b>	<b>38,378</b>

		<b>31 December</b>	30 June
		<b>2022</b>	2022
	<i>Notes</i>	<b><i>SGD'000</i></b>	<b><i>SGD'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Borrowings		<b>1,483</b>	1,996
Lease liabilities		<b>1,277</b>	1,367
		<hr/>	<hr/>
Total non-current liabilities		<b>2,760</b>	3,363
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>47,534</b>	36,825
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		<b>35,080</b>	35,015
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	<i>18</i>	<b>1,389</b>	1,389
Share premium		<b>32,978</b>	32,978
Reserves		<b>713</b>	648
		<hr/>	<hr/>
<b>Total equity</b>		<b>35,080</b>	35,015
		<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 31 December 2022*

	Issued capital <i>SGD'000</i>	Share premium <i>SGD'000</i>	Fair value reserves <i>SGD'000</i>	Foreign currency translation reserves <i>SGD'000</i>	Retained profits <i>SGD'000</i>	Total equity <i>SGD'000</i>
<b>Group</b>						
<b>At 1 July 2022 (Audited)</b>	1,389	32,978	(144)	(114)	906	35,015
Profit for the period	-	-	-	-	125	125
Other comprehensive loss for the period:						
Fair value losses on equity instruments at fair value through other comprehensive income	-	-	(60)	-	-	(60)
Total comprehensive income for the period	-	-	(60)	-	125	65
<b>At 31 December 2022 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(204)*</b>	<b>(114)*</b>	<b>1,031*</b>	<b>35,080</b>
	Issued capital <i>SGD'000</i>	Share premium <i>SGD'000</i>	Fair value reserves <i>SGD'000</i>	Foreign currency translation reserves <i>SGD'000</i>	Retained profits/ (accumulated loss) <i>SGD'000</i>	Total equity <i>SGD'000</i>
<b>Group</b>						
<b>At 1 July 2021 (Audited)</b>	1,389	32,978	-	(238)	1,297	35,426
Loss for the period	-	-	-	-	(2,405)	(2,405)
Other comprehensive (loss)/income for the period:						
Fair value losses on equity instruments at fair value through other comprehensive income	-	-	(50)	-	-	(50)
Foreign currency translation	-	-	-	20	-	20
Total comprehensive loss for the period	-	-	(50)	20	(2,405)	(2,435)
<b>At 31 December 2021 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(50)*</b>	<b>(218)*</b>	<b>(1,108)*</b>	<b>32,991</b>

\* The reserve in the interim condensed consolidated statement of financial position as at 31 December 2022 comprised of fair value loss of approximately SGD204,000, foreign currency translation loss of approximately SGD114,000 and retained profits of approximately SGD1,031,000. The reserve in the interim condensed consolidated statement of financial position as at 31 December 2021 comprised of fair value loss of approximately SGD50,000, foreign currency translation loss of approximately SGD218,000 and accumulated loss of approximately SGD1,108,000.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

*For the six months ended 31 December 2022*

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>SGD'000</b>	SGD'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	125	(2,405)
Adjustments for:		
Depreciation of property, plant and equipment	1,146	1,155
Depreciation of investment properties	16	16
Amortisation of deferred capital grants	–	(2)
Government grants	(134)	(414)
Bank interest income	(93)	(24)
Dividend income	(12)	–
Gain on disposal of property, plant and equipment	(172)	(33)
Finance costs	72	96
Provisions for defect liabilities	(138)	(140)
Provision for onerous contracts	–	(303)
	810	(2,054)
<b>Operating cash flows before changes in working capital</b>	<b>810</b>	<b>(2,054)</b>
Changes in working capital:		
Decrease/(increase) in contract assets	765	(5,105)
Increase in contract liabilities	1,991	188
(Increase)/decrease in trade and other receivables	(751)	2,034
Increase/(decrease) in trade and other payables	9,650	(2,821)
	12,465	(7,758)
<b>Cash generated from/(used in) operations</b>	<b>12,465</b>	<b>(7,758)</b>
Income tax refund	58	–
Government grants received	134	348
	12,657	(7,410)
<b>Net cash generated from/(used in) operating activities</b>	<b>12,657</b>	<b>(7,410)</b>

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>SGD'000</b>	SGD'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from investing activities</b>		
Placement of time deposits with original maturity of more than three months when acquired	(2,000)	(1,000)
Withdrawal of time deposits with original maturity of more than three months when acquired	1,000	1,000
Dividend received	12	–
Interest received	93	24
Purchase of items of property, plant and equipment	(321)	(315)
Proceeds from disposal of property, plant and equipment	325	33
Purchase of equity investments	–	(1,096)
<b>Net cash used in investing activities</b>	<b>(891)</b>	<b>(1,354)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(72)	(96)
Repayment of loans and borrowings	(703)	(1,207)
Payment of lease liabilities for leasehold land	(87)	(83)
<b>Net cash used in financing activities</b>	<b>(862)</b>	<b>(1,386)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,904</b>	<b>(10,150)</b>
Cash and cash equivalents at beginning of the period	13,877	32,260*
Effect of foreign exchange rate changes	–	20
<b>Cash and cash equivalents at end of the period</b>	<b>24,781</b>	<b>22,130</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances other than time deposit	10,781	13,523
Time deposits	19,000	16,199
Less: Pledged deposits	(5,000)	(4,000)
Cash and cash equivalents as stated in the consolidated statement of financial position	24,781	25,722
Less: Bank overdraft	–	(3,592)
<b>Cash and cash equivalents as stated in the consolidated statement of cash flows</b>	<b>24,781</b>	<b>22,130</b>

\* Cash and cash equivalents at beginning of the period includes bank overdraft of approximately SGD282,000.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

### 1. CORPORATE INFORMATION

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

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 January 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as 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 holding company and the ultimate holding company of the Company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 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 2022.

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 2022, except for the adoption of new standards effective as of 1 July 2022. 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 2022 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 2022.

#### 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 2022.

There have been no changes in the financial risk management policies of the Group since the financial year ended 30 June 2022.

#### 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 2022

	<b>Construction</b> <i>SGD'000</i>	<b>Property</b> <i>SGD'000</i>	<b>Corporate</b> <i>SGD'000</i>	<b>Total</b> <i>SGD'000</i>
<b>Revenue</b>				
External customers	<u>53,277</u>	<u>318</u>	<u>–</u>	<u>53,595</u>
<b>Segment results</b>	<u>130</u>	<u>316</u>	<u>(321)</u>	<u>125</u>
<b>Segment assets</b>	<u>80,795</u>	<u>310</u>	<u>1,509</u>	<u>82,614</u>
<b>Segment liabilities</b>	<u>47,280</u>	<u>37</u>	<u>217</u>	<u>47,534</u>
<b>Other Segment information</b>				
Interest income	93	–	–	93
Finance cost	72	–	–	72
Depreciation of property, plant and equipment	1,146	–	–	1,146
Depreciation of investment properties	<u>16</u>	<u>–</u>	<u>–</u>	<u>16</u>

Six months ended 31 December 2021

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
<b>Revenue</b>				
External customers	<u>42,922</u>	<u>–</u>	<u>–</u>	<u>42,922</u>
<b>Segment results</b>	<u>(2,203)</u>	<u>47</u>	<u>(249)</u>	<u>(2,405)</u>
<b>Segment assets</b>	<u>64,040</u>	<u>66</u>	<u>18,644</u>	<u>82,750</u>
<b>Segment liabilities</b>	<u>49,732</u>	<u>18</u>	<u>9</u>	<u>49,759</u>
<b>Other Segment information</b>				
Interest income	23	–	1	24
Finance cost	96	–	–	96
Depreciation of property, plant and equipment	1,155	–	–	1,155
Depreciation of investment properties	<u>16</u>	<u>–</u>	<u>–</u>	<u>16</u>

#### 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	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>By geographical market</b>		
Singapore	<u>53,595</u>	<u>42,922</u>
<b>By revenue stream</b>		
General building and construction	<u>53,277</u>	<u>42,922</u>
Rental of dormitory	<u>318</u>	<u>–</u>
	<u>53,595</u>	<u>42,922</u>
<b>By timing of revenue recognitions</b>		
Over time	<u>53,595</u>	<u>42,922</u>

## 7. OTHER INCOME AND GAIN

	Six months ended 31 December	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Government grants ( <i>Note</i> )	134	414
Bank interest income	93	24
Amortisation of deferred capital grants	–	2
Rental income	220	344
Dividend income from equity investments	12	8
Sundry income	–	50
	<u>459</u>	<u>842</u>
<b>Gain</b>		
Gain arising on disposal of property, plant and equipment	172	33
	<u>631</u>	<u>875</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 approximately SGD122,000 (six months ended 31 December 2021: approximately SGD402,000).

## 8. FINANCE COSTS

	Six months ended 31 December	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Interest on:</b>		
Bank loans	28	40
Hire purchases	4	11
Lease liabilities	40	45
	<u>72</u>	<u>96</u>

## 9. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Six months ended 31 December	
	2022 SGD'000 (Unaudited)	2021 SGD'000 (Unaudited)
Cost of construction work	50,628	42,682
Depreciation ( <i>Note (a)</i> )	1,146	1,155
Less: Amount included in cost of construction work	(923)	(594)
	<u>223</u>	<u>561</u>
Depreciation of investment properties	16	16
Expenses relating to short-term leases and leases of low-value assets ( <i>Note (b)</i> )	3	3
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	13	10
Employee benefit expense (excluding Directors' remuneration):		
Salaries, allowances and benefits-in-kind	4,926	5,365
Pension scheme contributions (excluding Directors' pension scheme contributions)	225	249
	<u>5,151</u>	<u>5,614</u>
Less: Amount included in cost of construction work	(3,527)	(4,244)
	<u><u>1,624</u></u>	<u><u>1,370</u></u>

*Notes:*

- (a) Depreciation for the six months ended 31 December 2022 comprise depreciation of property, plant and equipment of approximately SGD1,051,000 (six months ended 31 December 2021: approximately SGD1,060,000) and depreciation of right-of-use assets of approximately SGD95,000 (six months ended 31 December 2021: approximately 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 EXPENSE

Pursuant to the rules and regulation of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. The Company is a tax resident in Singapore and is subject to Singapore tax laws.

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 2022 (six months ended 31 December 2021: Nil).

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2022 is based on the unaudited profit for the period attributable to shareholders of the Company of approximately SGD125,000 (unaudited loss for the six months ended 31 December 2021: approximately SGD2,405,000), and the weighted average number of ordinary shares in issue of 800,000,000 (six months ended 31 December 2021: 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 2022 and 2021 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 2022, the Group acquired assets with a cost of approximately SGD321,000 (six months ended 31 December 2021: approximately SGD776,000).

Assets with net carrying amount of SGD153,000 were disposed by the Group during the six months ended 31 December 2022, resulting in a net gain of disposal of approximately SGD172,000 (six months ended 31 December 2021: approximately SGD33,000).

## 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

	<b>31 December 2022 SGD'000 (Unaudited)</b>	30 June 2022 SGD'000 (Audited)
Trade receivables	8,141	6,198
Unbilled receivables	7,123	8,148
Prepayments	147	134
Deposits	258	212
GST receivable	-*	-
Government grant receivable	-	47
Tax recoverable	51	113
Prolongation claim receivable	-	184
Other receivables	78	73
	<b>15,798</b>	15,109

\* Amount less than SGD 1,000

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.

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.

Prolongation claim receivables relate to receivables from customers in relation to the co-share of prolongation costs with project owners due to COVID-19 events.

Included in other receivables are purchases made on behalf of subcontractors amounted to approximately SGD70,000 (30 June 2022: approximately SGD70,000). 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 2022 SGD'000 (Unaudited)</b>	30 June 2022 SGD'000 (Audited)
– Within one month	<b>6,616</b>	5,155
– 1 to 2 months	<b>1,503</b>	1,037
– 2 to 3 months	<b>9</b>	–
– Over 3 months	<b>13</b>	6
	<b>8,141</b>	6,198

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 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 2022 and 30 June 2022.

## 16. CONTRACT BALANCES

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

	<b>31 December 2022 SGD'000 (Unaudited)</b>	30 June 2022 SGD'000 (Audited)
Contract assets:		
– Retention receivables ( <i>Note (a)</i> )	<b>1,545</b>	1,545
– Other contract assets ( <i>Note (b)</i> )	<b>15,075</b>	15,840
Total contract assets	<b>16,620</b>	17,385
Contract liabilities	<b>(5,896)</b>	(3,905)

*Notes:*

- (a) Retention receivable held by contract customers arose from the Group’s construction work business and are settled 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.
- (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.

- (c) 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 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 2022 and 30 June 2022.
- (d) 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.
- (e) As at 31 December 2022 and 30 June 2022, performance bonds amounting to approximately SGD21,052,000 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 or corporate guarantee.

## 17. TRADE AND OTHER PAYABLES

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<i><b>SGD'000</b></i>	<i>SGD'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>10,007</b>	1,328
Accrued subcontractor costs	<b>16,534</b>	16,409
Accrued operating expenses	<b>698</b>	776
Retention payables	<b>9,366</b>	8,458
Deposit received	<b>133</b>	127
GST payable	<b>288</b>	278
	<hr/> <b>37,026</b> <hr/>	<hr/> 27,376 <hr/>

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 2022</b>	30 June 2022
	<b>SGD'000</b>	SGD'000
	<b>(Unaudited)</b>	(Audited)
– Within one month	7,926	1,021
– 1 to 2 months	1,883	80
– 2 to 3 months	14	40
– Over 3 months	184	187
	<u>10,007</u>	<u>1,328</u>

## 18. SHARE CAPITAL

	<b>31 December 2022</b>		30 June 2022	
	Number of shares '000	Share capital HKD'000	Number of shares '000	Share capital HKD'000
<i>Authorised:</i>				
Ordinary shares of HKD0.01 each	<u>15,000,000</u>	<u>150,000</u>	<u>15,000,000</u>	<u>150,000</u>

	<b>31 December 2022</b>		30 June 2022	
	Number of shares '000	Share capital SGD'000	Number of shares '000	Share capital SGD'000
<i>Issued and fully paid:</i>				
Ordinary shares of HKD0.01 each	<u>800,000</u>	<u>1,389</u>	<u>800,000</u>	<u>1,389</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group acts as a main contractor in the provision of building construction works in Singapore, including new construction and alteration and addition (“**A&A**”) works, with more than 35 years of experience in building construction works for various types of buildings which include (i) institutional buildings (such as education institutions, hospitals, and nursing homes); (ii) commercial buildings (such as office buildings and restaurants); and (iii) industrial and residential buildings. The Group is known for its quality of work, especially in building construction works for the public sector.

As at 31 December 2022, the Group had 4 (30 June 2022: 4) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD214.2 million (30 June 2022: approximately SGD214.2 million).

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

### OUTLOOK

Based on the announcement of the Singapore’s Ministry of Trade and Industry’s (the “**MTI**”) published on 13 February 2023, Singapore’s economy improved by 3.6 per cent in 2022. MTI estimated that the GDP growth forecast for 2023 is “0.5 to 2.5 per cent”. As a result, the Singapore economy grew by 2.1 per cent on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.0 per cent expansion in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew marginally by 0.1 per cent, easing from the 0.8 per cent growth in the third quarter. The construction sector grew by 10.0 per cent year-on-year, faster than the 8.1 per cent growth in the third quarter, as both public and private sector construction output increased. As a result, on a quarter-on-quarter seasonally-adjusted basis, the industry grew by 1.4 per cent, extending the 2.1 per cent growth in the previous quarter.

On 14 July 2022, the Monetary Authority of Singapore (the “**MAS**”) further tightened its monetary policy to slow imported inflation and help curb domestic cost pressures. This policy stance will help dampen inflation in the near term and ensure medium-term price stability, providing the basis for sustainable economic growth. Accordingly, MAS has re-centered the mid-point of the Singapore dollar nominal effective exchange rate (SGDNEER) policy band up to the then-prevailing level of the SGDNEER. There was no change to the slope and width of the band.

The Building and Construction Authority (the “**BCA**”) announced on 12 January 2023 that the total construction demand in 2023 is expected to range between SGD27 billion and SGD32 billion. The public sector is expected to contribute about 60 per cent of the total construction demand, primarily supported by a continued strong pipeline of public housing projects amid the Housing Development Board’s ramping up of Build-To-Order flats supply. In addition, industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings, and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

Private sector construction demand is projected to be between SGD11 billion and SGD13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand is expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. In addition, due to the rescheduling of some major projects from 2022 to 2023 and the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

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 2022 was approximately SGD53.6 million, representing an increase of approximately SGD10.7 million or approximately 24.9% as compared to that of approximately SGD42.9 million for the six months ended 31 December 2021. The increase in revenue was mainly driven by more construction activities resumed as compared to the previous period.

### **Cost of sales**

Cost of sales for the six months ended 31 December 2022 was approximately SGD50.6 million, representing an increase of approximately SGD7.9 million or approximately 18.5%, from approximately SGD42.7 million for the six months ended 31 December 2021. 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 approximately SGD2.7 million from approximately SGD0.3 million for the six months ended 31 December 2021 to approximately SGD3.0 million for the six months ended 31 December 2022, and the gross profit margin increased to approximately 5.5% for the six months ended 31 December 2022 from gross profit margin of approximately 0.6% for the six months ended 31 December 2021. The increase in gross profit and gross profit margin was mainly due to the resumption of construction works as compared to the previous period which resulted in improvement of the gross profit margin.

### **Other income and gain**

Other income and gain decreased by approximately SGD0.3 million from approximately SGD0.9 million for the six months ended 31 December 2021 to approximately SGD0.6 million for the six months ended 31 December 2022. The decrease was primarily due to less government subsidies received from the Singapore Government to help businesses during the difficult times caused by the COVID-19 pandemic as a result of the recovery of the economy as compared to previous period.

### **Finance costs**

The Group's finance costs decreased by approximately SGD24,000 from approximately SGD96,000 for the six months ended 31 December 2021 to approximately SGD72,000 for the six months ended 31 December 2022. The decrease was mainly due to the lower average borrowings during the six months ended 31 December 2022.

### **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 2022 and 31 December 2021.

### **Profit/(loss) for the period**

As a result of the above factors, the Group recorded a profit of approximately SGD0.1 million for the six months ended 31 December 2022 as compared to a loss of approximately SGD2.4 million for the six months ended 31 December 2021.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The capital of the Group comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group's cash and cash equivalents balances as at 31 December 2022 amounted to approximately SGD24.8 million (30 June 2022: approximately SGD13.9 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 31 December 2022, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of approximately SGD4.1 million (30 June 2022: approximately SGD4.9 million).

The Group recorded total current assets of approximately SGD62.2 million as at 31 December 2022 (30 June 2022: approximately SGD50.4 million) and total current liabilities of approximately SGD44.8 million as at 31 December 2022 (30 June 2022: approximately SGD33.5 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.4 as at 31 December 2022 (30 June 2022: approximately 1.5).

The Group's total equity attributable to owners of the Company remained stable at approximately SGD35.1 million as at 31 December 2022 (30 June 2022: approximately SGD35.0 million).

The Group's operations are financed principally by cash generated from its business operations, bank facilities and net proceeds from the global offer to the public for subscription of its new shares and undertaking of an international placing of its new shares in connection with its listing (the "**Listing**") on 8 January 2020 (the "**Listing Date**") (collectively, the "**Global Offering**").

## **GEARING RATIO**

As at 31 December 2022, the Group's gearing ratio which was calculated by dividing the total debts (being sum of borrowings and lease liabilities) by total equity was approximately 11.7% (30 June 2022: approximately 14.0%).

## **CONTINGENT LIABILITIES**

As at 31 December 2022 and 30 June 2022, 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 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 31 December 2022.

## **COMMITMENTS**

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

As at 31 December 2022, the Group had no capital commitment and lease commitment (30 June 2022: 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 expects that headline inflation will remain high in Singapore. The global economy outlook is mixed and uneven. Although a worldwide recession is not likely, there is a possibility that the United States and the European Union economies could decline and tip the world into recession. In addition, the prolonged Russia-Ukraine war may also escalate and disrupt global trade.

On 13 February 2023, the Singapore Government lifted the remaining COVID-19 restrictions and border measures. This is in view of the fact that the pandemic is nearing a turning point, signaling that the global COVID-19 emergency may end soon.

BCA's forecast for the year 2024 to 2027 is that the public sector will continue to lead demand, with about 60% of the demand made up by building projects and the rest by civil engineering projects. As a result, BCA expects the total construction demand to reach between SGD25 billion and SGD32 billion per year.

The Group foresees that industry consolidation and construction supply chain will continue to be challenging. Although the worldwide easing of the COVID-19 restrictions and border measures will help businesses, the Group anticipates that there will be continuous increase in building material prices, cost overrun of ongoing projects and strong competition for tendering of projects.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had 355 employees (31 December 2021: 382 employees). Total staff costs for the six months ended 31 December 2022 amounted to approximately SGD5.2 million (six months ended 31 December 2021: approximately SGD5.6 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 2022 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 borrowings as at 31 December 2022 was secured against the building with net carrying amount of approximately SGD11.4 million (30 June 2022: approximately SGD11.6 million). As at 31 December 2022, the Group has pledged time deposits of SGD5.0 million (30 June 2022: approximately SGD4.0 million) to banks as a security for the Group's bank overdraft facilities.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 24 December 2019 (the “**Prospectus**”) with the Group's actual business progress from the Listing Date up to 31 December 2022 is set out below:

<b>Business strategies as stated in the Prospectus</b>	<b>Business objectives up to 31 December 2022 as stated in the Prospectus</b>	<b>Actual business progress up to 31 December 2022</b>
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance the productivity and quality	To acquire equipment, machinery and motor vehicle	The Group has utilised approximately HKD24.7 million to acquire gantry crane, turnstiles & containers, scissors lift and boom lift equipment, motor vehicles and other construction equipment and machinery.
Strengthen the Group's financial capabilities to undertake new construction and A&A projects of larger contract value	Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency	The Group has utilised approximately HKD20.9 million for the new residential building construction project granted by the Singapore Government Agency.
Strengthen the technical capability and productivity through investment in new construction technology	To hire new staff with Building Information Modelling (“ <b>BIM</b> ”) and Virtual Design and Construction (“ <b>VDC</b> ”) experience	The Group has utilised approximately HKD13.6 million to hire skilled workforce and invest in operational digitalisation technologies. The Group will continue to evaluate and implement new technologies to digitalise processes and improve overall productivity and efficiency for future growth.

Business strategies as stated in the Prospectus	Business objectives up to 31 December 2022 as stated in the Prospectus	Actual business progress up to 31 December 2022
	To hire new staff who includes design engineers and Prefabricated Prefinished Volumetric Construction (“PPVC”) consultants	
	Upgrade BIM version	
	Recurring costs for the BIM and other relevant software	
	Construct a precast production site close to the Group’s headquarters in the Tuas area in Singapore	The Group has utilised approximately HKD21.6 million to obtain temporary licenses for the use of state land for precast production, to construct and operate a temporary dormitory which also allows the storage of materials which include finished precast components.
Enhance and expand the workforce to cope with the business expansion	To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	The Group has utilised approximately HKD7.6 million to enhance and support the workforce.

## USE OF NET PROCEEDS FROM LISTING

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

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

The following table sets out the breakdown of the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised amount of the Net Proceeds during the six months ended 31 December 2022 and from the Listing Date up to 31 December 2022:

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

#### **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 2022.

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

The Company has adopted the Model Code set out in Appendix 10 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 2022 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 14 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 31 December 2022 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. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

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. Chou Sean Yu and Dr. Wu Dongqing, the independent non-executive Directors and Mr. Lim Ah Lay, a non-executive Director. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The 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 2022 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 2022 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, 23 February 2023

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