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KWAN YONG HOLDINGS LIMITED

光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9998)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

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 2024, together with the comparative figures for the year ended 30 June 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

	<i>Note</i>	2024 SGD'000	2023 SGD'000
Revenue	4	133,829	111,435
Cost of sales		<u>(126,093)</u>	<u>(102,828)</u>
Gross profit		7,736	8,607
Other income and gain	5	2,150	1,316
Administrative expenses		(9,725)	(7,351)
Other expenses		–	(47)
Finance costs	6	<u>(150)</u>	<u>(135)</u>
Profit before tax	7	11	2,390
Income tax credit/(expense)	8	<u>1,560</u>	<u>(65)</u>
Profit for the year attributable to shareholders of the Company		<u>1,571</u>	<u>2,325</u>
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain on equity investments at fair value through other comprehensive income		<u>20</u>	<u>82</u>
Other comprehensive income for the year, net of tax		<u>20</u>	<u>82</u>
Total comprehensive income for the year attributable to shareholders of the Company		<u>1,591</u>	<u>2,407</u>
Basic and diluted earnings per share (cents)	10	<u>0.20</u>	<u>0.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	2024 SGD'000	2023 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	18,531	16,800
Investment properties		1,779	1,810
Equity investments at fair value through other comprehensive income	<i>12</i>	698	1,034
Deferred tax assets		1,562	–
		<hr/>	<hr/>
Total non-current assets		22,570	19,644
		<hr/>	<hr/>
Current assets			
Contract assets	<i>13</i>	6,277	19,889
Trade receivables	<i>14</i>	23,557	19,048
Prepayments, deposits and other receivables	<i>15</i>	2,327	799
Pledged deposits		3,000	3,000
Cash and cash equivalents		41,185	22,913
		<hr/>	<hr/>
Total current assets		76,346	65,649
		<hr/>	<hr/>
Total assets		98,916	85,293
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Contract liabilities	<i>13</i>	11,505	7,932
Trade and other payables	<i>16</i>	43,043	33,578
Provisions	<i>17</i>	901	2,984
Borrowings		1,203	1,031
Lease liabilities		627	98
Tax payable		2	15
		<hr/>	<hr/>
Total current liabilities		57,281	45,638
		<hr/>	<hr/>
Net current assets		19,065	20,011
		<hr/>	<hr/>

	<i>Note</i>	2024 SGD'000	2023 SGD'000
Non-current liabilities			
Borrowings		455	965
Lease liabilities		<u>2,167</u>	<u>1,268</u>
Total non-current liabilities		<u>2,622</u>	<u>2,233</u>
Total liabilities		<u>59,903</u>	<u>47,871</u>
Net assets		<u>39,013</u>	<u>37,422</u>
Equity attributable to shareholders of the Company			
Issued capital	<i>18</i>	1,389	1,389
Share premium		32,978	32,978
Reserves		<u>4,646</u>	<u>3,055</u>
Total equity		<u>39,013</u>	<u>37,422</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2024

	Attributable to shareholders of the Company					
	Issued capital SGD'000	Share premium account SGD'000	Foreign currency translation reserve SGD'000	Fair value reserves SGD'000	Retained profits SGD'000	Total equity SGD'000
At 1 July 2022	1,389	32,978	(114)	(144)	906	35,015
Profit for the year	-	-	-	-	2,325	2,325
Other comprehensive income for the year:						
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	-	82	-	82
Total comprehensive income for the year	-	-	-	82	2,325	2,407
At 30 June 2023 and 1 July 2023	1,389	32,978	(114)*	(62)*	3,231*	37,422
Profit for the year	-	-	-	-	1,571	1,571
Other comprehensive income for the year:						
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	-	20	-	20
Total comprehensive income for the year	-	-	-	20	1,571	1,591
At 30 June 2024	1,389	32,978	(114)*	(42)*	4,802*	39,013

* These reserves accounts comprise the consolidated reserves of SGD4,646,000 (2023: SGD3,055,000) in the consolidated statement of financial position as at 30 June 2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2024

	Note	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11	2,390
Adjustments for:			
Bank interest income	5	(1,385)	(454)
Gain on disposal of property, plant and equipment, net	5	(4)	(190)
Gain on disposal of equity investments	5	(14)	–
Dividend income from equity investments	5	(26)	(24)
Finance costs	6	150	135
Depreciation of property, plant and equipment	7	2,340	2,298
Depreciation of investment properties	7	31	31
Provision for defect liabilities, net	17	(175)	(24)
Provision for onerous contracts, net	17	(1,908)	2,323
		<hr/>	<hr/>
Operating cash flows before changes in working capital		(980)	6,485
Decrease/(increase) in contract assets		13,612	(2,504)
Increase in trade receivables		(4,509)	(4,702)
Increase in prepayments, deposits and other receivables		(1,528)	(149)
Increase in contract liabilities		3,573	4,027
Increase in trade and other payables		9,465	6,202
		<hr/>	<hr/>
Cash flows generated from operations		19,633	9,359
Income tax (paid)/refund		(15)	54
		<hr/>	<hr/>
Net cash flows generated from operating activities		19,618	9,413
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in pledged deposit		–	1,000
Interest received		1,385	454
Dividend received		26	24
Purchase of items of property, plant and equipment		(1,973)	(586)
Disposal of equity investments		370	–
Proceeds from disposal of property, plant and equipment		368	354
		<hr/>	<hr/>
Net cash flows generated from investing activities		176	1,246
		<hr/>	<hr/>

	2024	2023
<i>Note</i>	<i>SGD'000</i>	<i>SGD'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(150)	(135)
Payment for lease liabilities for leasehold land	(391)	(176)
Payment of principal portion under hire purchase obligation	(46)	(311)
Repayment of bank borrowings	<u>(935)</u>	<u>(1,001)</u>
Net cash flows used in financing activities	<u>(1,522)</u>	<u>(1,623)</u>
Net increase in cash and cash equivalents	18,272	9,036
Cash and cash equivalents at beginning of year	<u>22,913</u>	<u>13,877</u>
Cash and cash equivalents at end of year	<u>41,185</u>	<u>22,913</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The Group 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 and ultimate holding company of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the disclosures requirement of the Hong Kong Companies Ordinance.

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

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

2.2 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2023. 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 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 applicable standards that have been issued but are not yet effective, in these consolidated financial statements.

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

3. SEGMENT INFORMATION

Operating segment information

For management purposes, the Group is organised into business units based on their products and services, and has 3 reportable operating segments as follows:

- (a) The construction segment is in the business of general building and construction services.
- (b) The property segment is in the business of leasing and management of dormitory.
- (c) The corporate segment comprise the corporate services and investment holding activities of the Group.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Segment assets and liabilities are measured in a manner consistent with those of the consolidated financial statements.

Year ended 30 June 2024

	Construction <i>SGD'000</i>	Property <i>SGD'000</i>	Corporate <i>SGD'000</i>	Total <i>SGD'000</i>
Revenue				
External customers	<u>133,288</u>	<u>541</u>	<u>–</u>	<u>133,829</u>
Segment results	<u>119</u>	<u>523</u>	<u>(631)</u>	<u>11</u>
Segment assets	<u>97,467</u>	<u>309</u>	<u>1,140</u>	<u>98,916</u>
Segment liabilities	<u>59,569</u>	<u>48</u>	<u>286</u>	<u>59,903</u>
Other segment information				
Interest income	1,385	–	–	1,385
Finance cost	150	–	–	150
Depreciation of property, plant and equipment	2,340	–	–	2,340
Depreciation of investment properties	<u>31</u>	<u>–</u>	<u>–</u>	<u>31</u>

Year ended 30 June 2023

	Construction <i>SGD'000</i>	Property <i>SGD'000</i>	Corporate <i>SGD'000</i>	Total <i>SGD'000</i>
Revenue				
External customers	<u>110,739</u>	<u>696</u>	<u>–</u>	<u>111,435</u>
Segment results	<u>2,289</u>	<u>686</u>	<u>(585)</u>	<u>2,390</u>
Segment assets	<u>83,467</u>	<u>385</u>	<u>1,441</u>	<u>85,293</u>
Segment liabilities	<u>47,505</u>	<u>74</u>	<u>292</u>	<u>47,871</u>
Other segment information				
Interest income	454	–	–	454
Finance cost	135	–	–	135
Depreciation of property, plant and equipment	2,298	–	–	2,298
Depreciation of investment properties	<u>31</u>	<u>–</u>	<u>–</u>	<u>31</u>

Geographical information

The Group's revenue during the financial years ended 30 June 2024 and 2023 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 2024 and 2023 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 2024 and 2023, is set out below:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Customer A	14,015	N/A*
Customer B	46,766	29,621
Customer C	48,321	42,985
Customer D	N/A*	17,591
Customer E	<u>23,828</u>	<u>19,078</u>

* The customers did not contribute 10% or more of the Group's revenue in the years ended 30 June 2024 and 2023.

4. REVENUE

(a) Disaggregation revenue information

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

Segments	Construction		Property		Total	
	2024	2023	2024	2023	2024	2023
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Type of goods or services						
Construction contracts	133,288	110,739	–	–	133,288	110,739
Rental of dormitory	–	–	541	696	541	696
	<u>133,288</u>	<u>110,739</u>	<u>541</u>	<u>696</u>	<u>133,829</u>	<u>111,435</u>

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

(b) Judgement and methods used in estimating revenue

Performance obligation – Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

(c) Transaction price allocated to remaining performance obligation

The contract assets are expected to be recovered or settled within 4 years upon completion of services and acceptance by the customers.

(d) Contract balances

	2024	2023
	SGD'000	SGD'000
Trade receivables (Note 14)	23,557	19,048
Contract assets (Note 13)	6,277	19,889
Contract liabilities (Note 13)	<u>11,505</u>	<u>7,932</u>

Set out below is the amount of revenue recognised from:

	2024	2023
	SGD'000	SGD'000
Amounts included in the contract liabilities at the beginning of the year	7,932	3,905
Performance obligations satisfied in previous years	<u>293</u>	<u>2,401</u>

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

5. OTHER INCOME AND GAIN

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Other income		
Bank interest income	1,385	454
Government grants (a)	112	70
Rental income	548	456
COVID-19 related prolongation claims (b)	61	122
Dividend income from equity investments at fair value through other comprehensive income	26	24
	<u>2,132</u>	<u>1,126</u>
Gain		
Gain on disposal of property, plant and equipment	4	190
Gain on disposal of equity investments	14	–
	<u>2,150</u>	<u>1,316</u>

Notes:

- (a) During the years ended 30 June 2024 and 2023, subsidies were received by a subsidiary from various government authorities in Singapore for employment incentives and productivity improvement. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.
- (b) During the years ended 30 June 2024 and 2023, COVID-19 related prolongation claims in relation to the co-share of prolongation costs with project owners due to COVID-19 were received by a subsidiary.

6. FINANCE COSTS

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Interest on:		
Term loan	30	50
Hire purchases	6	4
Lease liabilities	114	81
	<u>150</u>	<u>135</u>

7. PROFIT BEFORE TAX

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Cost of construction work	116,228	100,505
Onerous contract	9,865	2,323
Depreciation of property, plant and equipment	2,340	2,298
Less: Amount included in cost of construction work	(1,857)	(1,847)
	<u>483</u>	<u>451</u>
Depreciation of investment properties	31	31
Expensed relating to short-term leases and leases of low value assets	46	15
Less: Amount included in cost of construction work	(38)	(10)
	<u>8</u>	<u>5</u>
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	56	42
Employee benefit expense (excluding directors' remuneration):		
Salaries, allowances and benefits in kind	10,715	8,321
Wages	3,477	2,801
Pension scheme contributions	765	558
	<u>14,957</u>	<u>11,680</u>
Less: Amount included in cost of construction work	(11,065)	(7,758)
	<u>3,892</u>	<u>3,922</u>
Provision for defect liabilities – net	74	185
Auditor's remuneration	180	178
COVID-19 related expenses	–	47
	<u>–</u>	<u>47</u>

Included in cost of construction is a reversal of accrued subcontractor costs of SGD2,108,000 (2023: SGD628,000) during the year.

8. INCOME TAX (CREDIT)/EXPENSE

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

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during the years ended 30 June 2024 and 2023.

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Current income tax – Singapore:		
Charge for the year	2	15
Under provision in prior years	–	50
	<u>2</u>	<u>65</u>
Deferred income tax – Singapore:		
Origination of temporary differences	(213)	–
Prior year temporary differences	(1,349)	–
	<u>(1,562)</u>	<u>–</u>
Income tax (credit)/expense recognised in profit or loss	<u><u>(1,560)</u></u>	<u><u>65</u></u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate of Singapore (in which the Group operates) to the tax expense at the effective tax rate is as follows:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Profit before tax	<u><u>11</u></u>	<u><u>2,390</u></u>
Tax at the statutory rate of 17% (2023: 17%)	2	406
Income not subject to tax	(7)	–
Expenses not deductible for tax	310	313
Partial tax exemption	(2)	(15)
Under provision in respect of prior years	–	50
Recognition of deferred tax asset previously not recognised	(1,349)	–
Utilisation of previously unrecognised tax losses	(514)	(689)
Income tax (credit)/expense recognised in profit or loss	<u><u>(1,560)</u></u>	<u><u>65</u></u>

In the previous financial year, the Group has tax losses of SGD11,051,000 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 2024 and 2023.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	2024	2023
Profit attributable to the shareholders of the Company (<i>SGD</i>)	1,571,000	2,325,000
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic and diluted earnings per shares (<i>Singapore cents</i>)	<u>0.20</u>	<u>0.29</u>

The calculation of basic earnings per share is based on the profit 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 2024 and 2023 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 2024, the Group acquired assets with a cost of SGD4,435,000 (2023: SGD586,000).

Assets with a net carrying amount of SGD364,000 (2023: SGD164,000) were disposed by the Group during the financial years, resulting in a net gain on disposal of SGD4,000 (2023: SGD190,000).

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Equity investments at fair value through other comprehensive income		
Listed equity investments	<u>698</u>	<u>1,034</u>

The Group has elected to measure these equity investments at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. Fair values of these equity shares are determined by reference to published price quotation in an active market.

Equity investments denominated in currency other than the functional currency are as follows:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
United States dollars	<u>34</u>	<u>362</u>

During the year ended 30 June 2024, the Group disposed certain of its equity investments. The fair value of the equity investments disposed and the cumulative gain on disposal amounted to SGD649,000 and SGD14,000 respectively (2023: Nil).

13. CONTRACT BALANCES

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

		2024	2023
		SGD'000	SGD'000
Contract assets:			
Retention receivables	(a)	–	773
Other contract assets	(b)	<u>6,277</u>	<u>19,116</u>
Total contract assets	(c)	<u>6,277</u>	<u>19,889</u>
Trade receivables	14	<u>23,557</u>	<u>19,048</u>
Contract liabilities	(d)	<u>(11,505)</u>	<u>(7,932)</u>

Notes:

- (a) Retention receivables held by contract customers arose from the Group's construction work business and are settled within a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts.

The due date for settlement of the Group's retention receivables as at the end of each reporting period is analysed as follows:

	2024	2023
	SGD'000	SGD'000
Due after one year	<u>–</u>	<u>773</u>

- (b) Other contract assets primarily relate to the Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers as at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

The movement in contract assets are explained as follows:

	2024	2023
	SGD'000	SGD'000
Contract assets:		
Total contract assets at beginning of the year	19,889	17,385
Work performed but not yet certified	6,262	18,783
Contract assets transferred to trade receivables	<u>(19,874)</u>	<u>(16,279)</u>
Total contract assets at end of the year	<u>6,277</u>	<u>19,889</u>

The decrease in contracts assets during the year ended 30 June 2024 was the result of the increase of certified construction works by the surveyors appointed by the customers at the end of the year ended 30 June 2024.

The expected timing of recovery or settlement of contract assets as at the end of each of the years ended 30 June 2024 and 2023 is as follows:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Within one year	6,277	17,750
More than one year	—	1,366
	<hr/>	<hr/>
Total other contract assets	6,277	19,116
	<hr/> <hr/>	<hr/> <hr/>

- (c) The Group applies the simplified approach to provide for ECL as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 2024 and 2023.
- (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.

The movement in contract liabilities are explained as follows:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Contract liabilities:		
Total contract liabilities at beginning of the year	7,932	3,905
Revenue recognised that was included in contract liabilities	(7,932)	(3,905)
Advances received in relation to the construction contracts	11,505	7,932
	<hr/>	<hr/>
Total contract liabilities at end of the year	11,505	7,932
	<hr/> <hr/>	<hr/> <hr/>

- (e) As at 30 June 2024, performance bonds amounting to SGD33,822,000 (2023: SGD25,152,000) were issued by insurance companies as security deposits in lieu of cash to customers of the Group for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance companies accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds are secured either by way of personal guarantees given by two directors of the Company or corporate guarantee.

14. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on a 30-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 of the Company, have no significant increase in credit risk during the financial years. Expected credit losses (“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 2024 and 2023.

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Within one month	7,146	6,697
1 to 2 months	547	2,858
2 to 3 months	6	41
Over 3 months	<u>6</u>	<u>5</u>
	7,705	9,601
Unbilled receivables*	<u>15,852</u>	<u>9,447</u>
	<u>23,557</u>	<u>19,048</u>

* Unbilled receivables related to construction work which have been certified by customers but related invoices have not been issued as at the end of the reporting period.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Prepayments	36	85
Advance payment to subcontractor	–	122
Deposits	848	453
Other receivables	<u>1,443</u>	<u>139</u>
	<u>2,327</u>	<u>799</u>

Included in other receivables are purchases made on behalf of subcontractors amounted to SGD1,221,000 (2023: SGD137,000). The amount is unsecured, interest-free and repayable on demand.

16. TRADE AND OTHER PAYABLES

		2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Trade payables	(a)	5,060	4,367
Accrued subcontractor costs		22,862	17,436
Accrued operating expenses		1,466	1,150
Retention payables	(b)	12,398	10,021
Deposit received		126	149
GST payable		1,131	455
		<u>43,043</u>	<u>33,578</u>

Notes:

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

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

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Within one month	4,429	3,720
1 to 2 months	201	393
2 to 3 months	247	82
Over 3 months	183	172
	<u>5,060</u>	<u>4,367</u>

- (b) Retention payables represent contract sums payable to the Group's subcontractors which are withheld by the Group for a period of time after the work has been completed in accordance with contractual terms and conditions agreed with its subcontractors.

The expected due date for settlement of the Group's retention payables as at the end of the reporting period is analysed as follows:

	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Due within one year	5,464	5,723
Due after one year	6,934	4,298
	<u>12,398</u>	<u>10,021</u>

17. PROVISIONS

	Defect liabilities <i>SGD'000</i>	Onerous contracts <i>SGD'000</i>	Total <i>SGD'000</i>
As at 1 July 2023	685	–	685
Additional provision made during the year	185	2,323	2,508
Utilised during the year	(209)	–	(209)
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	661	2,323	2,984
Additional provision made during the year	145	9,865	10,010
Reversal during the year	(219)	–	(219)
Utilised during the year	(101)	(11,773)	(11,874)
	<hr/>	<hr/>	<hr/>
As at 30 June 2024	486	415	901
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	2024 <i>HKD'000</i>	2023 <i>HKD'000</i>
Authorised:		
15,000,000,000 (2023: 15,000,000,000) ordinary shares of HKD0.01 each	150,000	150,000
	<hr/> <hr/>	<hr/> <hr/>
	2024 <i>SGD'000</i>	2023 <i>SGD'000</i>
Issued and fully paid:		
800,000,000 (2023: 800,000,000) ordinary shares of HKD0.01 each	1,389	1,389
	<hr/> <hr/>	<hr/> <hr/>

BUSINESS REVIEW

The Group acts as a main contractor in the provision of building construction works in Singapore, including new construction and alteration and addition (“**A&A**”) works, with more than 40 years of experience in building construction works for various types of buildings which include (i) institutional buildings (such as education institutions, hospitals, and nursing homes); (ii) commercial buildings (such as office buildings and restaurants); and (iii) industrial and residential buildings. The Group is known for quality of work, especially in building construction works for the public sector.

As at 30 June 2024, the Group had 7 (2023: 6) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of SGD609.8 million (2023: SGD482.8 million).

OUTLOOK

According to the Ministry of Trade and Industry (the “**MTI**”) announcement on 13 August 2024, Singapore economy grew by 2.9 per cent on a year-on-year basis in the second quarter of 2024, extending the 3.0 per cent growth in the previous quarter. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.4 per cent, consistent with the previous quarter’s growth rate. Growth in the construction sector came in at 3.8 per cent year-on-year, compared to the 4.1 per cent growth in the first quarter, on account of an increase in both public and private sector construction output. On a quarter-on-quarter seasonally adjusted basis, the sector grew by 1.8 per cent, rebounding from the 1.9 per cent contraction in the previous quarter.

The MTI’s forecast that Singapore’s external demand outlook is expected to be resilient for the rest of the year. However, global downside risks in the economy remain. First, an intensification of geopolitical and trade conflicts could dampen business sentiments and add to production costs, which could weigh on global trade and growth. Second, disruptions to the global disinflation process could lead to tighter financial conditions for longer, and trigger market volatility or latent vulnerabilities in banking and financial systems. The MTI has narrowed the GDP growth forecast for 2024 to “2.0 to 3.0 per cent”, from “1.0 to 3.0 per cent”.

The Building and Construction Authority (the “**BCA**”) announced on 15 January 2024 that the total construction demand in 2024 is expected to range between SGD32 billion and SGD38 billion. The public sector is expected to contribute about 55 per cent of the total construction demand, driven by major infrastructure projects such as new Housing and Development Board (HDB) developments, expansions of the Cross Island MRT Line, and future works for Changi Airport Terminal 5 and Tuas Port.

Private sector construction demand is projected to be between SGD14 billion and SGD17 billion in 2024, comparable with 2023 figures. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the government land sales, expansion of the two integrated resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

The Group will maintain its core focus as a building contractor, striving to be a leading main contractor for both public and private sector projects. While moving forward with cautious optimism, the Group aims to position itself as a strong and resilient company. By continuing to invest in workforce development and embracing new technologies to boost productivity, the Group is confident in strengthening its competitive advantage in securing and delivering future projects.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 June 2024 was SGD133.8 million, representing an increase of SGD22.4 million or 20.1% as compared to that of SGD111.4 million for the year ended 30 June 2023. The increase in revenue was mainly driven by more construction projects engaged for the year ended 30 June 2024 as compared to those for the previous financial year.

Cost of sales

Cost of sales for the year ended 30 June 2024 was SGD126.1 million, representing an increase of SGD23.3 million or 22.7%, from SGD102.8 million for the year ended 30 June 2023. The increase was mainly driven by more construction activities which is in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit decreased by SGD0.9 million from SGD8.6 million for the year ended 30 June 2023 to SGD7.7 million for the year ended 30 June 2024, and the gross profit margin decreased to 5.8% for the year ended 30 June 2024 from the gross profit margin of 7.7% for the year ended 30 June 2023. The decrease in gross profit and gross profit margin was mainly due to the recognition of an onerous contract of SGD9.9 million during the financial year ended 30 June 2024 (2023: SGD2.3 million).

Other income and gain

Other income and gain increased by SGD0.9 million from SGD1.3 million for the year ended 30 June 2023 to SGD2.2 million for the year ended 30 June 2024. The increase was primarily due to the increase in bank interest income earned arising from the increase of average bank balance as compared to those for the previous financial year.

Finance costs

The Group's finance costs increased slightly by SGD15,000 from SGD135,000 for the year ended 30 June 2023 to SGD150,000 for the year ended 30 June 2024.

Income tax credit/(expense)

The Group's income tax credit was SGD1.6 million as compared to income tax expense of SGD65,000 incurred for financial year ended 30 June 2023. The income tax credit was mainly due to the recognition of deferred tax assets on unutilised tax losses and capital allowances.

Profit for the year

As a result of the above factors, the Group recorded a net profit of SGD1.6 million for the year ended 30 June 2024 as compared to SGD2.3 million for the year ended 30 June 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

The Group's cash and cash equivalents balances as at 30 June 2024 amounted to SGD41.2 million (2023: SGD22.9 million) representing an increase of SGD18.3 million as compared to that for previous financial year. The cash and bank balances of the Group which were denominated in Hong Kong dollars and United States dollars amounted to SGD0.7 million (2023: SGD1.0 million) and SGD0.4 million (2023: SGD3,000) respectively.

As at 30 June 2024, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of SGD4.5 million (2023: SGD3.4 million).

The Group recorded total current assets of SGD76.3 million as at 30 June 2024 (2023: SGD65.6 million) and total current liabilities of SGD57.3 million as at 30 June 2024 (2023: SGD45.6 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 1.3 as at 30 June 2024 (2023: 1.4).

The Group's total equity attributable to owners of the Company remained stable at SGD39.0 million as at 30 June 2024 (2023: SGD37.4 million).

The Group's operations are financed principally by cash generated from its business operations and bank facilities.

GEARING RATIO

As at 30 June 2024, the Group's gearing ratio which was calculated by dividing the total debts (being sum of borrowings and lease liabilities) by total equity was 11.5% (2023: 9.1%).

CONTINGENT LIABILITIES

As at 30 June 2024 and 30 June 2023, 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 2024, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 30 June 2024.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no capital commitment (2023: 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 economic outlook for Singapore in 2024 appears positively optimistic but mixed with a combination of opportunities and challenges. Singapore's Monetary Authority of Singapore (the "MAS") has recently highlighted that inflationary pressures were easing but remained elevated. Despite some increases in shipping costs, global producer prices have seen only modest growth so far. Crude oil prices have declined from their April peak, while prices for most food commodities, intermediate goods, and final goods have remained stable. Domestically, labour costs are expected to increase at a much slower pace this year, as labour market pressures ease and productivity improves.

The BCA anticipates a steady increase in construction demand over the medium term with annual projections ranging from SGD31 billion and SGD38 billion from 2025 to 2028. The public sector is expected to drive this demand, contributing between SGD19 billion and SGD23 billion annually from 2025 to 2028. This will be split between building projects and civil engineering works, accounting for approximately 70 percent and 30 percent, respectively. Key public sector projects include various major developments such as the Cross Island MRT Line and Downtown MRT Line's Sungei Kadut Extension, the redevelopment of Alexandra Hospital, a new integrated hospital in Bedok, the Toa Payoh Integrated Development, the Siglap South Integrated Development, and the redevelopment of several Junior Colleges. Meanwhile, private sector construction demand is projected to remain stable, ranging between SGD12 billion and SGD15 billion per year during the same period.

Despite a positive outlook, the industry is expected to face consolidation and challenges within the construction supply chain. Persistent issues include rising building material prices, cost overruns, tight labour markets, and intense competition for project tenders. Additionally, factors which include increases in carbon taxes could further drive-up costs. Although there is demand in the sector, geopolitical and economic uncertainties will need to be managed. The BCA will continue its efforts under the Built Environment Industry Transformation Map and improve the Public Procurement Framework to enhance the sector's resilience in the face of these challenges.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 475 employees (2023: 419 employees). Total staff costs for the year ended 30 June 2024 amounted to SGD16.7 million (2023: SGD13.1 million). Salaries and benefits of the Group's employees have been kept at a market level and employees are 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 2024 and up to the date of this announcement.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 3 to the consolidated financial statements.

CHARGES ON GROUP ASSETS

The bank facilities as at 30 June 2024 was secured against pledged time deposits of SGD3.0 million, while the bank facilities as at 30 June 2023 was secured against the leasehold building with net carrying amount of SGD11.2 million and pledged time deposits of SGD3.0 million.

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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Except for the deviation from code provision C.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code during the year ended 30 June 2024 and up to the date of this announcement.

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan is the Chairman and the Chief Executive Officer. In view of the fact that Mr. Kwan is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Major operating decisions are usually discussed with executive Directors and senior management. All significant decisions made during the year ended 30 June 2024 have been consulted and communicated with Board members and respective committees. Chief executives and senior management are invited to attend Board meetings from time to time to make presentations and answer the Board's enquiries. In particular, the Company is actively looking for suitable candidate for segregating the duties of the Chairman and the chief executive officer of the Company.

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 C3 to 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 2024 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 2024.

AUDIT COMMITTEE

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

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, review of the work of the internal auditor, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 30 June 2024, the Audit Committee held four meetings to review and comment on the Company's 2023 first quarter results, 2023 annual results, 2023 interim results and 2024 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 2024 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 2024 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 2024, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the related notes thereto for the year ended 30 June 2024 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 2024. 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, 26 September 2024

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.