



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

2024
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Lim Ah Lay

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Ms. Kwan Shu Ming
Ms. Ng Hoi Ying

AUDITORS

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

11 Joo Koon Crescent
Singapore 629022

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 907
Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

Corporate Information

LEGAL ADVISER AS TO HONG KONG LAWS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

DBS Bank Ltd
Overseas-Chinese Banking Corporation Limited

COMPANY'S WEBSITE

www.kwanyong.com.sg

STOCK CODE

9998



Chairman's Statement

Dear Shareholders,

As we reflect on another year of growth and resilience, I am proud to share our achievements and forward-looking strategies that have strengthened our Group's position in the industry. Despite a challenging global landscape, we have made significant strides in enhancing our operational efficiency, delivering complex projects on time and within budget, while ensuring the highest standards of quality and safety.

Sustainability remains at the heart of our operations. The Group has prioritized sustainable construction practices to meet our environmental and sustainability goals. Achieving sustainable growth requires us to carefully assess the environmental impact of our activities as we continue our growth journey. We reaffirm this commitment with the release of our sustainability report for the year ended 30 June 2024, prepared in accordance with the Global Reporting Initiative (GRI) standards and aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

While construction activities have nearly returned to pre-pandemic levels, challenges persist. The Group's revenue for the year ended 30 June 2024 was SGD133.8 million, representing an increase of 20.1% as compared to that for the year ended 30 June 2023. Despite this improvement, global geopolitical tensions—including political challenges in Myanmar, the Ukraine-Russia war, and the Israel-Palestinian conflict—continue to disrupt global supply chains, driving up costs of labour and raw materials. Additionally, manpower shortages, rising inflation, and interest rate hikes have adversely impacted our business operations.

Notwithstanding a challenging operating environment, the Group has continued to build on its strengths and resilience. During the year in review, the Group managed 7 construction projects on hand, both ongoing and upcoming, with a total contract value of SGD609.8 million. Notably we have secured 2 new projects, amounting to SGD173.4 million from the Ministry of Education for the construction of schools at North-East Region, Singapore.

Looking ahead, we are excited about the opportunities in Singapore and the region. With a strong pipeline of diverse and challenging projects, we remain confident in our ability to be at the forefront of the construction industry. Our focus will continue to be on adopting cutting-edge construction technologies, cultivating talent, and upholding a culture of safety and quality. Enhancing the skills of our workforce is a continuous priority, and with a strong and experienced leadership team, we are well-positioned to seize opportunities that drive the Group's long-term development.



Chairman's Statement

I would like to take this opportunity to express my heartfelt gratitude to our dedicated employees, whose hard work and professionalism have been integral to our success. I also wish to thank our shareholders for their trust and support as we move toward a brighter future. My appreciation also goes to my fellow Board Members for their invaluable guidance and leadership in upholding the highest standards of corporate governance, integrity, and ethics. Finally, I extend my sincere thanks to our customers, business partners, bankers, suppliers, and contractors for their continued trust and support.

Kwan Mei Kam

Chairman and Executive Director

Singapore, 26 September 2024

Management Discussion and Analysis

BUSINESS REVIEW

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 SGD 19 billion and SGD 23 billion annually from 2025 to 2028. This will be split between building projects and civil engineering works, accounting for 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 SGD 12 billion and SGD 15 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.

Management Discussion and Analysis

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 annual report.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 4 to the consolidated financial statements.

CHARGES ON GROUP ASSETS

The 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.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kwan Mei Kam (“Mr. Kwan”), aged 69, was appointed as an executive Director, the chief executive officer (the “**Chief Executive Officer**”) and the chairman of the Board (the “**Chairman**”) on 8 October 2018. Mr. Kwan is also one of the controlling shareholders of the Company (the “**Controlling Shareholders**”). Mr. Kwan is responsible for the Group’s overall business management, strategic planning and business development of the Group. Mr. Kwan is the chairman of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the remuneration committee of the Company (the “**Remuneration Committee**”). Mr. Kwan is the spouse of Ms. Tay Yen Hua and the father of Ms. Kwan Shu Ming.

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

Mr. Kwan has over 50 years of experience in the construction industry in Singapore. In January 1983, Mr. Kwan co-founded Kwan Yong Building Construction in Singapore, which was principally engaged in building construction work. As a partner of Kwan Yong Building Construction, Mr. Kwan was responsible for the day-to-day operations of the partnership. Subsequently, Mr. Kwan, together with three independent third parties, incorporated Kwan Yong Construction Pte Ltd (“**Kwan Yong**”) in May 1984 and has been the managing director of Kwan Yong since then.

Ms. Tay Yen Hua (“Ms. Tay”), aged 68, was appointed as an executive Director on 8 October 2018. Ms. Tay is also one of the Controlling Shareholders. Ms. Tay is responsible for the Group’s overall business operation as she oversees the Group’s financial performance, and the accounting, human resources and administrative functions. Ms. Tay is the spouse of Mr. Kwan and the mother of Ms. Kwan Shu Ming.

Ms. Tay completed her secondary education in December 1972. She has over 50 years of experience in secretarial, accounts and human resources work. Ms. Tay joined Kwan Yong in October 1984 as an office manager and over the years, progressed to the position of the head of the Accounts and Finance Department (human resource and administration). In December 2009, Ms. Tay was appointed as a director of Kwan Yong.

Mr. Jacob Wong San Ta (黃善達) (“Mr. Wong”), aged 55, was appointed as an executive Director on 8 October 2018. Mr. Wong is responsible for project management, enhancement of the Group’s technical abilities and adoption of technology. Mr. Wong oversees the Tender and Contract Department, the Purchasing Department and the Project Department.

Mr. Wong graduated from the National University of Singapore in Singapore with a Bachelor of Engineering (Civil) Degree in June 1993. From 2017 to 2019, Mr. Wong has been a member of the Singapore Contractors Association Contracts and Practice Subcommittee of the Singapore Contractors Association Ltd. (“**SCAL**”). For the term of 2019 to 2023, Mr. Wong was a council member of SCAL and is also a member of the SCAL’s Contacts & Practice Subcommittee and Manpower & Policy Subcommittee. In 2023, he was also being elected to be board of directors of SCAL, holding the position of Assistant Secretary General. Since August 2022, Mr. Wong was appointed as a member of the Marsiling-Yew Tee Town Council for 2 consecutive terms. Mr. Wong was also appointed as vice chairman of Yew Tee Community Centre Management Committee from October 2022 to September 2024.

Biographical Details of Directors and Senior Management

Mr. Wong has over 31 years of experience in the construction industry in Singapore. Mr. Wong joined Kwan Yong in October 1995 as a site manager and was promoted to the position of project manager in August 1997. During this period, Mr. Wong was responsible for the coordination between the qualified persons (including architects, engineers in the projects) and clients, the management and overseeing the execution of design and build contracts, management and reviewing performance of subcontractors, and the proper documentation of variation claims and justifications. Mr. Wong was promoted to the position of general manager of Kwan Yong in August 2002 and up until May 2006, Mr. Wong was responsible for the management of project directors and project managers, the procurement forecast, the cash flow forecast, general business development, manpower planning and negotiations with subcontractors and suppliers. From October 2007 to December 2011, Mr. Wong was appointed as a senior resident engineer to supervise and manage construction of research and medical school projects in the National University of Singapore. Since early 2012, Mr. Wong worked as a senior resident engineer to supervise and manage the construction of the Singapore University of Technology & Design. In September 2013, Mr. Wong re-joined the Group and was appointed as a director of Kwan Yong.

Ms. Kwan Shu Ming (關曙明) (“Ms. Kwan”), aged 40, was appointed as an executive Director on 8 October 2018. Ms. Kwan is mainly responsible for the finance and accounting operations of the Group, and the preparation and publication of financial statements. Ms. Kwan is a member of the Nomination Committee. Ms. Kwan is the daughter of Mr. Kwan and Ms. Tay.

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

Ms. Kwan has over 18 years of experience in accounting and management. Ms. Kwan joined the Group in May 2012 as an accounts manager. In September 2018, she was promoted to the position of financial controller. Ms. Kwan is responsible for the finance and accounting operations and all areas relating to financial reporting of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Lim Ah Lay (林亞烈) (“Mr. Lim”), aged 68, was appointed as the non-executive Director on 8 October 2018. Mr. Lim is responsible for providing advice to the Board and advising on corporate governance matters. Mr. Lim is a member of the audit committee of the Company (the “**Audit Committee**”) and the Remuneration Committee.

Biographical Details of Directors and Senior Management

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

Mr. Lim was then appointed as an executive director of OSK Holdings Hong Kong Ltd from December 2010. From December 2010 to April 2017, Mr. Lim was an executive director of RHB Hong Kong Ltd and its subsidiaries. Mr. Lim was also a responsible officer for RHB Securities Hong Kong Limited, RHB Futures Hong Kong Limited and RHB Asset Management Limited from November 2011 to April 2017. Mr. Lim was a licensed representative of Power Asset Management Company Ltd ("**Power Asset**") and Power Securities Company Ltd ("**Power Securities**") from April 2018 to August 2022. Mr. Lim was a director with Power Asset Management Company Limited from April 2018 to August 2022. Both Power Asset and Power Securities are wholly owned subsidiaries of Power Financial Group Limited, a company listed on the Stock Exchange (stock code: 397.HK), which is principally engaged in the business of financial services, money lending and asset management and investment.

Mr. Lim is a licensed representative of NFH Securities Limited. He is a responsible officer of NFH Asset Management Limited from November 2022 to May 2024.

Mr. Lim was appointed as an independent non-executive director of Timberwell Berhad (stock code: 7854.KL), a company listed on Bursa Malaysia since May 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wu Dongqing (武冬青) ("Dr. Wu"), aged 65, was appointed as an independent non-executive Director on 17 December 2019. Dr. Wu is responsible for providing independent advice to the Board and advising on corporate governance matters. Dr. Wu is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

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

Biographical Details of Directors and Senior Management

Dr. Wu later obtained a Doctorate's Degree of Philosophy from the Nanyang Technological University in Singapore in April 1996. Dr. Wu has over 28 years of experience in civil engineering, material science and environmental engineering. In 1994, Dr. Wu joined, and in November 1996 became a director of Instek Holding Pte Ltd, which was later renamed as Chemilink International Holdings Pte. Ltd. which principally engaged in the research and development of products and engineering solutions for civil and material engineering. Dr. Wu was responsible for the day-to-day operation and developing products for civil and material engineering. Since December 2002, Dr. Wu has been a director, the managing director and the chief executive officer of Chemilink Technologies Group Pte. Ltd., which principally engages in the R&D, manufacture and applications of advanced construction materials and engineering solutions in civil, building and environmental engineering fields and was responsible for the day-to-day operation.

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

Mr. Chou Sean Yu (曹顯裕) ("Mr. Chou"), aged 54, was appointed as an independent non-executive Director on 17 December 2019. Mr. Chou is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Chou is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

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

Mr. Chou has over 30 years of work experience as a commercial litigator. Mr. Chou was admitted to the Singapore Bar in May 1994. Mr. Chou is currently the deputy managing partner of WongPartnership LLP, which Mr. Chou joined in May 1997 and is now the head of its Litigation and Dispute Resolution Department and also its banking and financial disputes practice, and a partner in the international arbitration, financial services regulatory and Malaysia practice.

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

Mr. Fong Heng Boo (龐廷武) ("Mr. Fong"), aged 74, was appointed as an independent non-executive Director on 1 April 2020. Mr. Fong is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Fong is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Fong has over 49 years of experience in auditing, finance, corporate governance, business development and management. Mr. Fong obtained a Bachelor of Accountancy (Honours) Degree from the University of Singapore (now known as the National University of Singapore) in August 1973. Mr. Fong has been admitted as a Fellow Member by the Institute of Singapore Chartered Accountants in August 2004.

Biographical Details of Directors and Senior Management

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

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

SENIOR MANAGEMENT

Mr. Tang Siew Tuck (鄧兆德) (“Mr. Tang”), age 60, is the general manager of the Group and is mainly responsible for the daily construction project management of the Group, and the development of operational plans for the Group’s projects, which include technical proposal submissions for tendering and site implementation. Mr. Tang obtained a Bachelor of Applied Science Construction Management & Economics Degree from the Curtin University of Technology in Perth, Australia in May 1997.

Mr. Tang has over 37 years of experience in the construction industry of Singapore. Mr. Tang joined Kwan Yong as a project manager in August 2000 and was responsible for project compliance, cost control and project planning of various projects. In July 2006, Mr. Tang was promoted to the position of construction manager and was responsible for the technical planning and overall management of various projects. Mr. Tang left Kwan Yong in February 2008 to explore new opportunities and broaden his professional horizon. Mr. Tang re-joined Kwan Yong in April 2011 and has been working as a general manager since then.

Mr. Koh Puay Hock (許培福) (“Mr. Koh PH”), aged 45, is the project director of the Group and is mainly responsible for the daily project management of the Group, and the development of operational plans for the Group’s projects which include tendering, execution and completion. Mr. Koh PH graduated from the Universiti Teknologi Malaysia in Johor, Malaysia with a Bachelor of Engineering (Civil-Environmental) Degree in July 2001.

Mr. Koh PH has over 19 years of experience in the construction industry in Singapore. In April 2005, Mr. Koh PH joined the Group as a site engineer and was mainly responsible for micro-planning of weekly civil work activities, manpower planning, reviewing daily progress report, site co-ordination and supervision, performing drawing discrepancies checks, coordinating with civil and structural consultants, carrying out inspection and quality checks, and ensuring the smooth progress of site work. Mr. Koh PH was promoted to the position of project manager in August 2008 and was mainly responsible for coordinating with consultants and subcontractors, ensuring project costs control, monitoring construction schedule, carrying out general site administration, planning and programming of master construction programme and conducting internal project control meetings. In March 2012, Mr. Koh PH was further promoted and has been working as a project director of Kwan Yong since then.

Biographical Details of Directors and Senior Management

Ms. Tan Mee Nak (陳美娜) (“Ms. Tan”), aged 59, is the senior cost manager of the Group and is mainly responsible for the daily supervision of procurement process, contract management, pricing negotiation and budget preparation of the Group. Ms. Tan also provides guidance and management experience in contract negotiations. Ms. Tan graduated with a Diploma in Building Management from the Ngee Ann Polytechnic in Singapore in August 1987.

Ms. Tan has over 37 years of experience in the construction industry in Singapore. Ms. Tan joined Kwan Yong in August 1989 as a quantity surveyor and Ms. Tan was responsible for making progress claims, monitoring vendors and subcontractors’ payments, carrying out project variations and managing contracts. Ms. Tan was promoted to the position of senior quantity surveyor of Kwan Yong in August 1997 and was responsible for project bidding, making progress claim, making bid analysis and managing contracts. Ms. Tan was further promoted in March 2011 and has been working as a senior cost manager of Kwan Yong since then.

COMPANY SECRETARY

Ms. Ng Hoi Ying (吳愷盈) (“Ms. Ng”), aged 38, was appointed as the company secretary of the Company (the “**Company Secretary**”) on 19 October 2018. Ms. Ng graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Honours) in Accountancy Degree in October 2008.

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

Ms. Ng has over 16 years of experience in accounting, auditing, finance and company secretarial matters. From September 2008 to November 2011, Ms. Ng worked at Deloitte Touche Tohmatsu Hong Kong with her last position as audit senior II. From November 2011 to October 2014, Ms. Ng worked at Asia Maritime Pacific (Hong Kong) Limited, which is a shipping company principally engaged in the international operation of a fleet, consisting of both self-owned and chartered vessels, with her last position as senior accountant. Subsequently, from October 2014 to October 2018 Ms. Ng served as a finance manager of Ngai Shun Construction & Drilling Company Limited, which is a specialist piling contractor for both private and public work in Hong Kong and is a former subsidiary of Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1246). Ms. Ng joined Blooming (HK) Business Limited, which provides corporate advisory and company secretarial services, in October 2018 and is currently employed as a company secretarial manager.

Corporate Governance Report

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 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 annual report.

Details of the deviation from code provision C.2.1 is set out in "Chairman and Chief Executive Officer" on page 23 of this annual report.

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix C1 to the Listing Rules and the associated Listing Rules. Most of the amendments are applicable for the financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended CG Code have long been adopted by the Group as our corporate governance practices over the years. These are highlighted in the following table:

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

Corporate Governance Report

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

Corporate Governance Report

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

Corporate Governance Report

CULTURES AND VALUES

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

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

1. Culture of Integrity

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

For details, please refer to "Building Excellence in Operations" and "Building Excellence for People" of this ESG report.

2. Culture of Commitment

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

3. Culture of Innovation

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

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

For details, please refer to "Building Excellence in Operations" sections of this ESG report.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Companies (the “**Model Code**”) set out in Appendix 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 annual report.

DIRECTORS’ RESPONSIBILITIES

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

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

DELEGATION BY THE BOARD

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

Board Composition

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

Executive Directors

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

Non-executive Director

Mr. Lim Ah Lay

Independent non-executive Directors

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

Corporate Governance Report

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

The implementation and effectiveness of the abovementioned will be reviewed by the Board on an annual basis.

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

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive Director has renewed the service contract with the Company for an additional term of three years commencing from 17 December 2022. The letter of appointment with each of Mr. Lim, the non-executive Director, Dr. Wu and Mr. Chou, the independent non-executive Directors were renewed for a term of three years from 17 December 2022. The letter of appointment for Mr. Fong were renewed on 1 April 2023 for a three years' term. The service contracts and letters of appointments are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

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

Pursuant to article 108 of the Company's memorandum and articles of association, each of Mr. Wong, Mr. Lim and Mr. Chou will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 19 December 2024. Mr. Wong, Mr. Lim and Mr. Chou, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Wong as an executive Director, Mr. Lim as the non-executive Director and Mr. Chou as an independent non-executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Corporate Governance Report

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

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

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. All Directors received the training materials on the updates of the Main Board Listing Rules during the year ended 30 June 2024.

Name of Directors	Training on Main Board Listing Rules update
Executive Directors	
Mr. Kwan Mei Kam	✓
Ms. Tay Yen Hua	✓
Mr. Jacob Wong San Ta	✓
Ms. Kwan Shu Ming	✓
Non-executive Director	
Mr. Lim Ah Lay	✓
Independent non-executive Directors	
Mr. Fong Heng Boo	✓
Dr. Wu Dongqing	✓
Mr. Chou Sean Yu	✓

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

Corporate Governance Report

BOARD COMMITTEES

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

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

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

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

Remuneration Committee

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

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration and to review and approve matters relating to share schemes established under chapter 17 of the Listing Rules. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee held one meeting to review the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 30 June 2024. No Director nor any of his/her associates is involved in deciding his/her own remuneration.

Corporate Governance Report

Nomination Committee

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

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

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

During the year ended 30 June 2024, the Nomination Committee held one meeting to review and recommend the re-election of Directors.

Nomination Policy

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

Corporate Governance Report



Selection Criteria

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

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (c) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- (d) The number of existing directorships and other commitments that may demand the attention of the candidate;
- (e) Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (f) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (g) Such other perspectives appropriate to the Company's business.

Corporate Governance Report

Nomination Procedure

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

- (a) The Nomination Committee and/or Board identifies potential candidates based on the criteria as set out above, possibly with assistance from external agencies and/or advisors;
- (b) The Nomination Committee and/or the Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Act of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (c) The Nomination Committee would make recommendation on the proposed candidate(s) and the terms and conditions of the appointment to the Board;
- (d) The Nomination Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;
- (e) In the case of the appointment of an independent non-executive Director, the Nomination Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time;
- (f) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Corporate Governance Report



Re-Election of Director at General Meeting

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

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

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

Principles

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

Evolution

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

Board Diversity Policy

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

Corporate Governance Report

Selection and Recommendation Criteria/Measurable Objectives

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

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

Monitoring and Review

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

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

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

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

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

Corporate Governance Report

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

Audit Committee

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

Corporate Governance Report

ATTENDANCE RECORDS OF MEETINGS

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

During the year ended 30 June 2024, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at the Board meetings and Board committees' meetings held during the year ended 30 June 2024 are as follows:

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

Corporate Governance Report

COMPANY SECRETARY

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

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

For the year ended 30 June 2024, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biographic of Ms. Ng is set out in the section headed “Biographical Details of the Directors and Senior Management” of this annual report.

INDEPENDENT AUDITORS’ REMUNERATION

During the year ended 30 June 2024, the Company engaged Ernst & Young LLP as its external auditors. The remuneration paid or payable in respect of audit services amounted to SGD180,000 for the year ended 30 June 2024.

SHAREHOLDERS’ RIGHT

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

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

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

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

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

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

A review on the risk management functions has been carried out by finance staffs of the Company who in possession of the relevant expertise to conduct an review.

Corporate Governance Report

The Audit Committee has reviewed the Internal Control Review Report issued by an independent consultancy company and the Company's internal control systems in respect of the year ended 30 June 2024 and considered that they are effective and adequate. The Board has assessed the effectiveness of internal control systems by considering the Internal Control Review Report prepared by the independent consultancy company and the reviews performed by the Audit Committee which concurred with the view of the Board.

The Group has yet to establish its internal audit function during the year ended 30 June 2024 as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board have considered the Internal Control Review Report prepared by the independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

Code of Conduct

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

Whistleblowing Policy

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

The nature, status and the results of the complaints received under the Whistleblowing Policy will be reported to the chairman of the Audit Committee or the Human Resource Manager of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 30 June 2024 has been reported and discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Corporate Governance Report

Anti-bribery and Anti-corruption Policy

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

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

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information (the “**Policy on Disclosure of Inside Information**”) which sets out the procedures and internal controls for handling and dissemination of inside information.

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

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group’s stakeholders who include shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

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

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

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders communication policy (the “**Shareholders’ Communication Policy**”) with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

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

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange’s website at www.hkexnews.hk and on the Company’s website at www.kwanyong.com.sg;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company’s website;
- (iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Hong Kong branch share registrar and transfer office of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company has reviewed the implementation and effectiveness of its Shareholders’ Communication Policy for the year ended 30 June 2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group’s financial performance, strategic direction and material business development, the Board is of the view that the Company has established an effective communication channel with its shareholders and considers that the Company’s Shareholders’ Communication Policy and its implementation are effective.

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

SIGNIFICANT CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 30 June 2024, there was no change to the Company’s memorandum and articles of association.

Directors' Report

The Directors hereby present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES

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

DIVIDEND POLICY

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

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

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

Directors' Report

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

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2024 and the state of affairs of the Company and of the Group as at 30 June 2024 are set out in the consolidated statements on pages 110 to 115 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 30 June 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on 19 December 2024 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 16 December 2024 to 19 December 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 13 December 2024.

BUSINESS REVIEW

The review of the business of the Group during the year ended 30 June 2024 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 33 to the consolidated financial statements. No important event affecting the Group has occurred since the end of the financial year ended 30 June 2024 and up to the date of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for each of the five financial years ended 30 June is set out on page 178 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 June 2024 are set out in Note 14 to the consolidated financial statements of this annual report.

DONATION

Charitable donations made by the Group during the year ended 30 June 2024 amounted to SGD36,000 (2023: SGD5,000).

ISSUED CAPITAL

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

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 17 December 2019. The Directors consider that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix V to the Prospectus of the Company dated 24 December 2019 (the "**Prospectus**"). Under the Share Option Scheme, the Directors may at their absolute discretion and subject to the terms of the Share Option Scheme, grant options to any employees (full-time or part-time), any executive, non-executive and independent non-executive Directors, consultants and advisers of the Group, to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. The eligibility of any participants to the grant of any options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to their contribution to the development and growth of the Group.

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

Under the Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 80,000,000 shares, being 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

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

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

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

The Share Option Scheme will remain in full force for a period of ten years commencing on 8 January 2020 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders at a general meeting of the Company. As at the date of this annual report, the Share Option Scheme had a remaining life of five years and four months.

No share option was granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2024 and 2023. As no share option was granted under the Share Option Scheme during the year ended 30 June 2024, no shares may be issued in respect of options granted under the Share Option Scheme during the year ended 30 June 2024.

Directors' Report

Pursuant to Rule 17.09(3) of the Listing Rules, as at 1 July 2023 and 30 June 2024, the total number of share options available for grant under the Share Option Scheme was 80,000,000, representing 10% of the ordinary shares of the Company at issue on 17 December 2019, the date of adoption of the Share Option Scheme. For the year ended 30 June 2024, no share option has been granted, exercised, expired, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme. As such, no shares of the Company that may be issued in respect of options granted under the Share Option Scheme during the year ended 30 June 2024. Moreover, the weighted average closing price of the shares immediately before the dates on which the options were exercised pursuant to Rules 17.07(1)(d) of the Listing Rules is not available.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 27 and Note 34 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

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

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 30 June 2024 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISTRIBUTABLE RESERVES

Further details of the Company's distributable reserve as at 30 June 2024 are set out in Note 34 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2024, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was 36.3% (2023: 38.8%), while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was 99.7% (2023: 99.7%).

During the year ended 30 June 2024, the percentage of the Group's largest supplier was 5.6% (2023: 7.9%) of the total costs of sales for the year, while the percentage of the Group's five largest suppliers accounted for 15.4% (2023: 14.8%) of the total costs of sales.

During the year ended 30 June 2024, the percentage of the Group's largest subcontractor was 7.3% (2023: 8.9%) of the total costs of sales for the year, while the percentage of the Group's five largest subcontractors accounted for 19.6% of the total costs of sales (2023: 20.5%).

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

DIRECTORS

The Directors during the year ended 30 June 2024 and up to the date of this report were as follows:

Executive Directors

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

Non-executive Director

Mr. Lim Ah Lay

Independent non-executive Directors

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

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

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

Directors' Report

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51(B) OF THE LISTING RULES

Save as disclosed in this annual report, the Directors are not aware of any change in the information of Directors and chief executive of the Company required to be disclosed pursuant to Rules 13.51(1)(B) of the Listing Rules as at the date of this annual report.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the Prospectus and in this report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's Controlling Shareholders or their subsidiaries, during the year ended 30 June 2024.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

The remuneration of the senior management of the Group for the year ended 30 June 2024 falls within the following band:

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

EMOLUMENT POLICY

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

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

RETIREMENT BENEFITS PLANS

Details of retirement benefits plans of the Group as at 30 June 2024 are set out in Note 8 to the consolidated financial statements. The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. As at 30 June 2024 and 2023, except for voluntary contribution, no forfeited contribution under the abovementioned scheme is available to reduce the contribution payable in future years.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transaction arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 30 June 2024.

MANAGEMENT CONTRACTS

During the year ended 30 June 2024, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year ended 30 June 2024 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Report

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

As at 30 June 2024, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

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

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

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors or chief executive of the Company, as at 30 June 2024, the following entity was deemed to have interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares of the Company

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

Save as disclosed above, as at 30 June 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2024.

Directors' Report

COMPETITION AND CONFLICT OF INTEREST

During the year ended 30 June 2024, none of the Directors or the Controlling Shareholders or their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

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

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

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

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

During the year ended 30 June 2024, the Company had not received any information in writing from any of the Covenantors in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Covenantors or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each of the Covenantors in respect of him/her/it and his/her/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Covenantors had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

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

EQUITY-LINKED AGREEMENTS

Save as disclosed on pages 40 to 42 in the paragraph headed "Share Option Scheme" of this annual report, no equity-linked agreement was entered into by the Company at any time during the year ended 30 June 2024.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information available in the public domain concerning the Company, at least 25% of the Company's issue share capital as required under the Listing Rules is held by the public during the year ended 30 June 2024 and up to the latest practicable date prior to the issue of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEPENDENT AUDITORS

The consolidated financial statements of the Company for the year ended 30 June 2024 were audited by Ernst & Young LLP. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Ernst & Young LLP as auditors of the Company.

ENVIRONMENTAL, SOCIETY AND CORPORATE RESPONSIBILITY

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

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

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



Directors' Report

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 30 June 2024.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

For the year ended 30 June 2024, there was no serious and material dispute between the Group and its employees, customers and suppliers.

ON BEHALF OF THE BOARD

Kwan Mei Kam

Chairman and Executive Director

Singapore, 26 September 2024

Environmental, Social and Governance Report



ABOUT THE REPORT

Purpose and Objective

We are pleased to present our annual ESG Report (the “**ESG Report**”). This ESG Report aims to provide our stakeholders with a clear and thorough understanding of our sustainability management approach, strategies, initiatives and performance.

Reporting Scope and Period

Unless otherwise stated, this ESG Report covers the Group’s entire operations of construction projects on hand (including projects in progress and projects that are yet to commence) in Singapore, which is consistent with the scope of the consolidated financial statements of our Annual Report 2024, for the period from 1 July 2023 to 30 June 2024 (the “**Reporting Period**”). The reporting boundary is determined by the materiality of each business segment to our business and operations, as well as its sustainability impact.

Reporting Standards

This ESG Report has been prepared in accordance with the latest disclosure requirements of the ESG Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**HKEX**”), and with reference to the Global Reporting Initiative (“**GRI**”) Sustainability Reporting Standards (the “**GRI Standards**”).

Environmental, Social and Governance Report

Reporting Principles

This ESG Report has followed the reporting principles as outlined in the HKEX ESG Reporting Guide to define the report content and to ensure the quality of information presented in the ESG Report, including:

Reporting Principle	Description	The Group's Application
Materiality	The ESG issues addressed in this ESG Report should be sufficiently important to investors and other stakeholders.	The Group identifies the ESG topics that are material to our business operations and our key stakeholders through ongoing engagement with stakeholders and regular assessment of the materiality of ESG topics.
Quantitative	This ESG Report should disclose key performance indicators ("KPIs") in a way that is measurable. Comparative data should be provided where appropriate.	This ESG Report discloses the key environmental and social KPIs in quantitative form, as well as provides historical data of KPIs to facilitate comparability over time, as far as practicable.
Balance	This ESG Report should present an unbiased picture of the Group's sustainability performance, avoiding selections, omissions, or presentation formats that may inappropriately influence reader' decisions or judgments.	The Group has objectively presented the current situation and performance of the Group's sustainability management.
Consistency	The Group should employ consistent methodologies in this ESG Report to facilitate meaningful comparisons of ESG data over time.	Unless otherwise specified, consistent methodologies were applied when compiling the data disclosed in this ESG Report, and necessary explanations are provided on any changes to the methodology used as compared to the previous year in this ESG Report.

Access to this ESG Report

As part of the Group's annual report, this ESG Report has been prepared in both English and Chinese. It is available on the official website of the Group, as well as the website of the HKEX. In case of any discrepancy between these two versions, the English version shall prevail.

Your Feedback

We welcome feedback and suggestions on this ESG Report and our sustainability approach, which would guide us in further refinement of our sustainability strategy. Please share your feedback at enquiry@kwanyong.com.

Environmental, Social and Governance Report



OUR BUSINESS

About Kwan Yong

With over 40 years of profound experience, the Group stands as a respectable main contractor specialising in the provision of building construction works in Singapore. Our expertise spans new construction and alteration and addition (“**A&A**”) works, covering a wide range of building types, from institutional buildings such as educational institutions, hospitals, and nursing homes, to commercial buildings such as office buildings and restaurants, as well as industrial and residential projects. Dedicated to our belief in sustainability, we endeavour to create sustainable value by delivering exceptional quality of work, catering for the diverse needs of our stakeholders, as well as maintaining solid and resilient financial position.

Our Vision

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

Our Mission

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

Our Values

Commitment

Exercising methodical work processes to fulfil customers’ requirements.

Resilience

Enhancing our skills to meet evolving changes & challenges.

Integrity

Building trust & confidence with all stakeholders.

Environmental, Social and Governance Report

Our Highlighted Projects

Throughout recent years, we have had the privilege of successfully executing a range of award-winning construction projects across the public, and private sectors, as highlighted below.



Childcare at Rivervale



Childcare at Punggol Drive



Alexandra Primary School



Ngee Ann Polytechnic

Environmental, Social and Governance Report

ESG PERFORMANCE HIGHLIGHTS

The following section highlights our ESG performance in FY2024.

Building Excellence in Operations

- Achieved Construction Quality Assessment System (CONQUAS) score of above 90 for projects completed during the year
- No liquidated damages
- No material complaints during the Reporting Period

Building Excellence for the Environment

- Successfully engaged our employees and workers in an e-waste recycling programme, with ↑ 35% in recycling rate compared to FY2023
- Introduced 4 electric vehicles in FY2024

Building Excellence for the Community

- Contributed a total of 331.5 hours in volunteering activities, such as Earth Hour 2024 and blood donation
- Made charitable donations of SGD36,000

Building Excellence for People

- Provided 2,043 hours of training to employees
- With a male to female ratio of 7:1
- Organised various employee activities which included company lunches and dinners, complimentary onsite basic health screening, badminton and pilates classes, etc.
- No reportable work-related accidents

Environmental, Social and Governance Report

SUSTAINABILITY AWARDS AND CERTIFICATIONS

Aspect	Awards and Certifications	Awarding Organisation
Environmental	ISO 14001 Environment Management System	SOCOTEC Certification International
	BCA Green and Gracious Builder Award – Excellent	The Singapore Contractors Association Limited
Health and Safety	ISO 45001 Occupational Health and Safety Management System	SOCOTEC Certification International
	bizSAFE Partner	The Workplace Safety and Health Council
	bizSAFE Level Star	The Workplace Safety and Health Council
	bizSAFE Enterprise Exemplary Award 2023	The Workplace Safety and Health Council
	bizSAFE Champions Award	The Workplace Safety and Health Council
	Safety and Health Award Recognition for Projects (SHARP) 2024	The Workplace Safety and Health Council
	Safety and Health Award Recognition for Projects (SHARP) 2023	The Workplace Safety and Health Council
	Workplace Safety and Health (WSH) Performance Award 2024 (Silver)	The Workplace Safety and Health Council
	3PS Award – Silver	MOH Holdings
	3PS Award – Bronze	MOH Holdings
	Construction Excellence Award 2023 – Merit	MOH Holdings
	Construction Excellence Award 2023 – Platinum	MOH Holdings
	Merit Award for Achieving Accident Free Man-Hour in 2023	MOH Holdings
	Hazard Identification and Risk Assessment (HIRA) Award	MOH Holdings
	SAfety Friendly Employee Award	MOH Holdings
SCAL Productivity & Innovation Awards (PIA) 2023	The Singapore Contractors Association Limited	
Project Quality	ISO 9001 Quality Management System	SOCOTEC Certification International

Environmental, Social and Governance Report

OUR MANAGEMENT APPROACH TO SUSTAINABILITY

Our Sustainability Strategy

We put sustainability at the forefront of our business. Driven by our corporate mission **“To be the preferred construction company in exceeding the needs of all public or private construction projects”**, our sustainability strategy is built upon four strategic pillars: (1) Building Excellence in Operations; (2) Building Excellence for People; (3) Building Excellence for the Environment; and (4) Building Excellence for the Community. At the core of our sustainability strategy lies our commitment to the United Nations Sustainable Development Goals (“UNSDGs”) aiming to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Focusing on the 11 most relevant UNSDGs for our business, we have aligned them with our sustainability pillars and established specific goals and targets to reinforce our commitment to these identified UNSDGs. Further details of our contribution towards specific UNSDGs are disclosed in the corresponding sections in this ESG Report. Our sustainability strategy, approved by the board (the **“Board”**) of directors (the **“Directors”**) of the Company, guides us in building our sustainability resilience and capabilities for a greener and more sustainable future for all.

Building Excellence in Operations

Leveraging innovation and technology for continuous improvement

Goal: To elevate project and service excellence through passion and innovation for enhanced quality and efficiency



Building Excellence for the Environment

Driving decarbonisation towards a greener future

Goal*: To strengthen climate resilience towards building sustainable cities, while reducing our environmental footprint



Kwan Yong's Sustainability Strategy

Cultivating a caring culture for communities

Goal: To be a force for positive change by giving back and empowering local communities to thrive



Fostering a people-centred workplace culture

Goal: To cultivate a supportive and caring environment that fosters innovation, professionalism and wellness



Building Excellence for the Community

Building Excellence for People

* For our detailed environmental targets, please refer to sections headed “Building Excellence for the Environment”.

Environmental, Social and Governance Report

Our Sustainability Governance and Board's Oversight

Our sustainability governance is built on our strong foundations of corporate governance and business integrity. The Board takes the overall responsibility for our ESG strategy and reporting. The Board provides oversight of the ESG-related issues (including but not limited to our ESG management approach, strategy and initiatives) with an emphasis on our long-term development and positioning.

As part of the Board's oversight of ESG issues, the Board has delegated the Sustainability Task Force, comprised of senior management and management executives from core functional departments of, namely operations, finance, human resources, engineering, business development and workplace health and safety. The Sustainability Task Force is responsible for the planning and implementation of sustainability initiatives within our business operations and advises the Board on ESG matters, including but not limited to the following on a regular basis:

- develop and review the ESG management approach, strategy, goals and targets of the Group;
- identify, evaluate, prioritise, review and manage material ESG-related issues and risks (including but not limited to climate-related risks and environmental and social risks along the supply chain), while developing corresponding mitigation measures;
- develop ESG-related goals and targets that are relevant to the Group's business operations;
- review and monitor the Group's ESG performance and progress made against ESG-related goals and targets;
- formulate and oversee the implementation and progress of sustainability initiatives; and
- prepare an annual ESG report for the Board's approval.

Environmental, Social and Governance Report

Our Sustainability Governance Structure



For further information regarding corporate governance, please refer to the “Corporate Governance Report” in our Annual Report 2024.

ESG-related Risk Management

ESG risk management is regarded as an essential aspect of robust corporate governance in the pursuit of long-term business resilience. The material ESG-related risks (including but not limited to climate-related risks and the environmental and social risks along the supply chain) are identified, evaluated, prioritised and managed by our Sustainability Task Force and senior management on a regular basis. Relevant mitigation measures are formulated and implemented to minimise the adverse impacts of the identified material ESG-related risks. As part of its role in maintaining the ultimate responsibility for overseeing the Group’s risk management activities, the Board reviews the effectiveness of the mitigation measures and provides suggestions for improvement when necessary. More details of our risk management approach can be found in the “Corporate Governance Report” of our Annual Report 2024.

Environmental, Social and Governance Report

Stakeholder Engagement

The voices of stakeholders play a vital role in our journey towards sustainability. We endeavour to regularly engage and understand the perspectives of our key stakeholders who have a significant impact on or have close relationships with our business. Below are the communication channels we use to regularly engage our diverse stakeholder groups.

Key Stakeholders	Engagement Approach	Issues of Concern	Relevant Chapter/ Section
Shareholders and Investors	<ul style="list-style-type: none"> • Interim and annual reports, circular and announcements • Corporate website • Investors' conferences • Meetings 	<ul style="list-style-type: none"> • Ethics and integrity • Climate change risk and response 	<ul style="list-style-type: none"> • Building Excellence in Operations • Building Excellence for the Environment
Customers (end-users and developers)	<ul style="list-style-type: none"> • Customer engagements and feedback forms • Customer satisfaction management programmes • Corporate website 	<ul style="list-style-type: none"> • Quality assurance • Customer service • Green procurement • Use of sustainable materials • Innovation and new technology adaptation • Customer health and safety 	<ul style="list-style-type: none"> • Building Excellence in Operations • Building Excellence for the Environment • Building Excellence for People
Employees	<ul style="list-style-type: none"> • Staff performance appraisals • Training sessions • Employee wellbeing and teambuilding activities or events • Surveys and interviews • Intranet and emails 	<ul style="list-style-type: none"> • Occupational health and safety • Staff development and training • Staff welfare • Equal opportunity, diversity, anti-discrimination 	<ul style="list-style-type: none"> • Building Excellence for People

Environmental, Social and Governance Report

Key Stakeholders	Engagement Approach	Issues of Concern	Relevant Chapter/Section
Suppliers	<ul style="list-style-type: none"> • Supplier evaluations • Joint projects • Surveys and meetings 	<ul style="list-style-type: none"> • Ethically responsible sourcing • Employment compliance 	<ul style="list-style-type: none"> • Building Excellence in Operations • Building Excellence for People
Government/Regulators	<ul style="list-style-type: none"> • Ongoing dialogues • Interim and annual reports • Regular meetings • Forums, conferences and seminars 	<ul style="list-style-type: none"> • Employment compliance • Occupational health and safety • Ethics and integrity • Prevention of anti-competitive practices 	<ul style="list-style-type: none"> • Building Excellence for People • Building Excellence in Operations
Community/NGOs	<ul style="list-style-type: none"> • Employee volunteering activities and community service • Joint projects • Corporate website • Feedback channels 	<ul style="list-style-type: none"> • Impact to biodiversity and land use • Community engagement and investment • Social integration and accessibility 	<ul style="list-style-type: none"> • Building Excellence for the Environment • Building Excellence for the Community

Environmental, Social and Governance Report

Materiality Assessment

To determine ESG-related topics that are highly significant and relevant to both our business and stakeholders, in addition to the abovementioned regular engagement approach, we have conducted a materiality assessment with the assistance of an independent third-party sustainability consultant during the Reporting Period.

Our materiality assessment involved multiple steps: identification, prioritisation and validation, which formed our sustainability strategy and assisted the preparation of this ESG Report.

1. Identification

With reference to the ESG Reporting Guide and the GRI Standards, we have identified a list of ESG-related topics, while taking into account stakeholders' feedback, industry trends and peer benchmarking.

2. Prioritisation

Internal and external stakeholders have been invited to complete an online survey, from which they ranked the relative importance of each ESG topic. These ESG topics are prioritised and plotted in a materiality matrix based on the results.

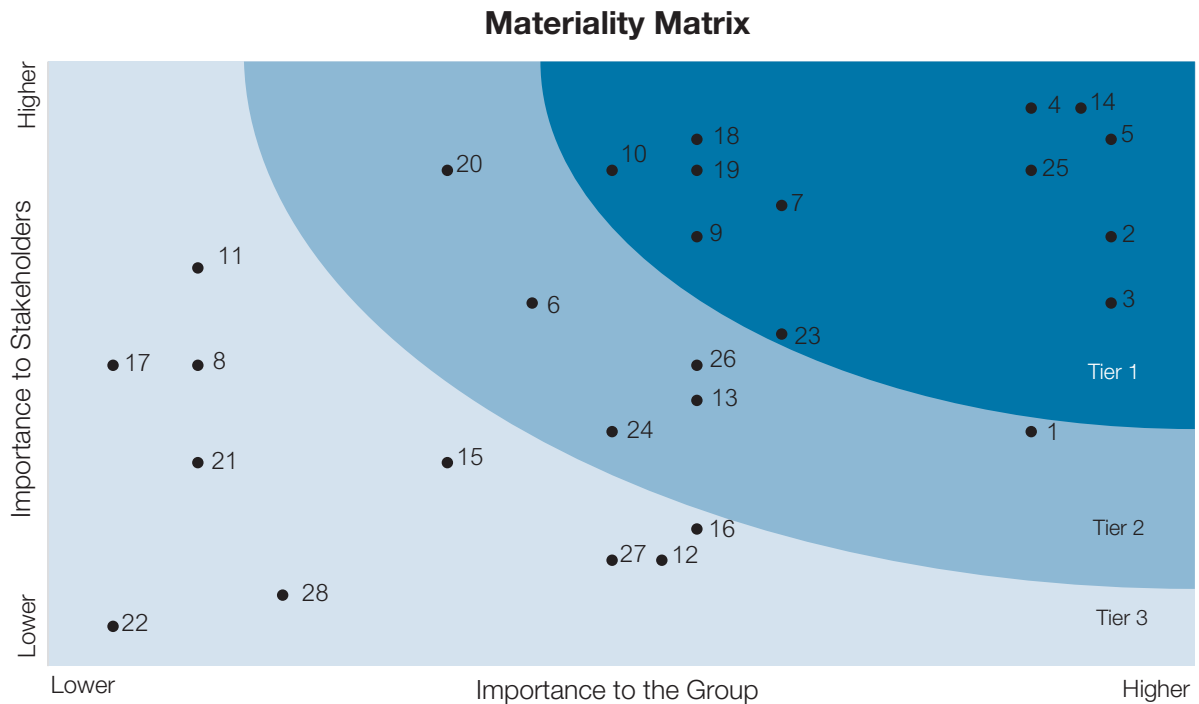
3. Validation

The Board has reviewed, approved and prioritised most material ESG topics with the support of an independent third-party sustainability consultant and the Sustainability Task Force.

Environmental, Social and Governance Report

Materiality Matrix

The materiality matrix below summarises the relative importance of the 28 material ESG topics to stakeholders (y-axis) and to our business (x-axis) based on the aggregated scores obtained from our internal and external stakeholders through an online survey. A total of 12 topics located in the Tier 1 of the matrix have been prioritised as the most significant for us to address and report on during the Reporting Period. Topics in the Tier 2 are relatively significant, and those in the Tier 3 are of less significance.



Building Excellence for the Environment	Building Excellence for People	Building Excellence in Operations	Building Excellence for the Community
1. Air Emissions	12. Staff welfare	17. Ethically responsible sourcing	27. Community engagement and investment
2. Waste	13. Equal opportunity, diversity, anti-discrimination	18. Quality assurance	28. Social integration and accessibility
3. Energy efficiency and carbon emission reduction	14. Occupational health and safety	19. Customer health and safety	
4. Water and wastewater management	15. Staff development and training	20. Customer service	
5. Noise management	16. Employment compliance	21. Intellectual property rights management	
6. Impact to biodiversity and land use		22. Marketing and advertising	
7. Sustainable built environment		23. Data protection and cybersecurity	
8. Climate change risk and response		24. Innovation and new technology adaptation	
9. Green procurement		25. Ethics and integrity	
10. Use of sustainable materials		26. Prevention of anti-competitive practices	
11. Environmental risk in supply chain			

Environmental, Social and Governance Report

List of Most Material Topics

Strategic Pillar	Most Material Topics	Chapter/Section
Building Excellence for the Environment	2. Waste	Waste Management and Resource Conservation
	3. Energy efficiency and carbon emission reduction	Energy, Air and GHG Emissions
	4. Water and wastewater management	Water Resource Conservation and Management
	5. Noise management	Noise Management
	7. Sustainable built environment	Sustainable Building and Construction
	9. Green procurement	Green Procurement
	10. Use of sustainable materials	Green Procurement
Building Excellence for People	14. Occupational health and safety	Occupational Health and Safety
Building Excellence in Operations	18. Quality assurance	Project Quality and Customer Safety
	19. Custom Customer health and safety	Project Quality and Customer Safety
	23. Data protection and cybersecurity	Data Privacy and Intellectual Property Rights
	25. Ethics and integrity	Anti-corruption

Environmental, Social and Governance Report

BUILDING EXCELLENCE IN OPERATIONS

Leveraging innovation and technology for continuous improvement

Goal:

To elevate project and service excellence through passion and innovation for enhanced quality and efficiency

Material topics covered:

- Quality assurance
- Customer health and safety
- Data protection and cybersecurity
- Ethics and integrity

Relevant UNSDGs addressed:



True to our corporate value of “commitment” and “integrity”, we are determined to deliver high-quality projects and premium services that exceed customer expectations, safeguard their health and safety, uphold the highest standards of business integrity, and leverage on innovative technologies and solutions for continuous improvement. To achieve that, we ensure that robust management systems are in place in our operations and have established a set of targets to ensure that we are continually striving towards operational excellence.

Target		Progress in FY2024
Anti-corruption	Zero reported corruption/significant whistle-blowing reports	Achieved
Project quality and safety	Comply strictly with all safety requirements of our customers and local safety regulations	Achieved
Corporate compliance	Zero incidents of non-compliance with tax regulations	Achieved

We are committed to conducting our business responsibly and strictly abiding by all applicable laws and regulations¹ relating to product responsibility and anti-corruption. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided, as well as bribery, extortion, fraud and money laundering.

¹ Please refer to the “Significant Laws and Regulations” section for the list of product responsibility and anti-corruption-related laws and regulations significant to the Group’s business operations.

Environmental, Social and Governance Report

Anti-corruption

At Kwan Yong, our business operations are guided by the core value of integrity. We strive to uphold honesty, responsibility and accountability across all levels. Our employees and business partners are strictly prohibited from soliciting or accepting advantages, as well as engaging in any form of bribery, extortion, fraud, money laundering and anti-competitive behaviours in our operations.

To ensure adherence to our ethical standards, we have implemented policies such as our Anti-Bribery and Anti-corruption Policy, Whistle-blowing Policy and the Employee Code of Conduct, which outline our expectations and provide guidelines to employees related to the prevention of conflicts of interest and transfer of benefits, as well as anti-corruption.

To enhance our staff's understanding of business ethics, we provided anti-corruption training to all employees and Directors.

Whistleblowing Mechanism

We encourage our employees, customers, suppliers and other stakeholders to report to us concerns about misconduct or malpractice through our whistleblowing mechanism. Our Whistle-blowing Policy provides employees with guidelines and procedures for reporting suspicious behaviours while ensuring confidentiality. The Audit Committee has the overall responsibility for the mechanism, whereas the Human Resources Manager is responsible for overseeing and implementing the mechanism.



During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Environmental, Social and Governance Report

Sustainable Supply Chain Management

As a responsible enterprise in the construction industry, we ensure that we collaborate with suppliers and sub-contractors of high quality and sustainability standards and strive to continuously enhance the sustainability of our supply chain. We have in place comprehensive supplier engagement procedures, ensuring that environmental and social risks are well addressed and managed along the supply chain.

<p>1. Selecting Suppliers</p>	<ul style="list-style-type: none"> • To become one of our approved suppliers or sub-contractors, new suppliers or sub-contractors are required to meet our selection criteria. • In our engagement with new suppliers or sub-contractors, a supplier/ sub-contractor assessment form will be completed. • To mitigate and manage environmental and social risks within our supply chain, we have incorporated environmental and social considerations into our supplier selection criteria, such as: <ul style="list-style-type: none"> ➤ Regulatory compliance record, including compliance with environmental laws ➤ Environmental, safety and quality certifications ➤ Demonstrated industry experience and expertise ➤ Timeliness in delivering services and products ➤ Proven past track record and performance history
<p>2. Ensuring Suppliers' Sustainability Performance</p>	<ul style="list-style-type: none"> • Apart from the above selection criteria, our Supplier Code of Conduct also articulates our sustainability expectations, covering aspects such as: <ul style="list-style-type: none"> ➤ Environmental protection ➤ Occupational health and safety ➤ Product and service quality ➤ Conduct and ethics ➤ Compliance with laws and regulations
<p>3. Monitoring Suppliers' Performance</p>	<ul style="list-style-type: none"> • We routinely conduct on-site inspections of our suppliers and sub-contractors to ensure their commitment to environmentally sustainable practices. • In the event of identifying issues, including any adverse environmental or social impacts, during these inspections, we will respond with appropriate measures, which may, if required, involve a reconsideration of our partnership relationships.

Environmental, Social and Governance Report

We identify and evaluate environmental and social risks along the supply chain through our risk management framework. To mitigate these identified risks, we incorporate environmental and social considerations into our supplier selection criteria. We consistently monitor their implementation of these practices and regularly review the effectiveness of our control measures.

During the Reporting Period, the Group had 796 suppliers (FY2023: 554), which were all based in Singapore. We implemented the aforementioned practices related to engaging suppliers for all of our suppliers during the Reporting Period.

Project Quality and Customer Safety

We are committed to transforming our vision into reality by delivering high-quality projects and services while upholding the highest safety standards for our customers. To ensure the quality of our construction projects, we have acquired the ISO 9001 certification for our quality management system in building construction activities.

To consistently maintain our standards, comprehensive guidelines are established under our quality management system to monitor every phase of our construction projects, from early planning and design to construction, acceptance, handover and post-project support. We maintain open communication with customers throughout construction and conduct regular inspections. We also ensure that subcontractors promptly address rectifications and safety issues concerns if needed. In the rare event that any phase fails to meet the internal and/or regulatory standards, the responsible personnel is required to rectify the situation before further progress.

In terms of our government projects, we subject them to assessment under the Construction Quality Assessment System (“**CONQUAS**”) for their construction workmanship quality. This rating recognises the architectural, mechanical and electrical as well as structural accomplishments of the undertaken projects. To ensure that our projects meet quality requirements, we establish project-specific quality objectives and formulate corresponding quality management action plans on an annual basis. Each quality objective is accompanied by defined targets, with assigned personnel responsible for overseeing the implementation of these quality action plans. The table below presents our FY2024 quality objectives along with their respective achievement progress.

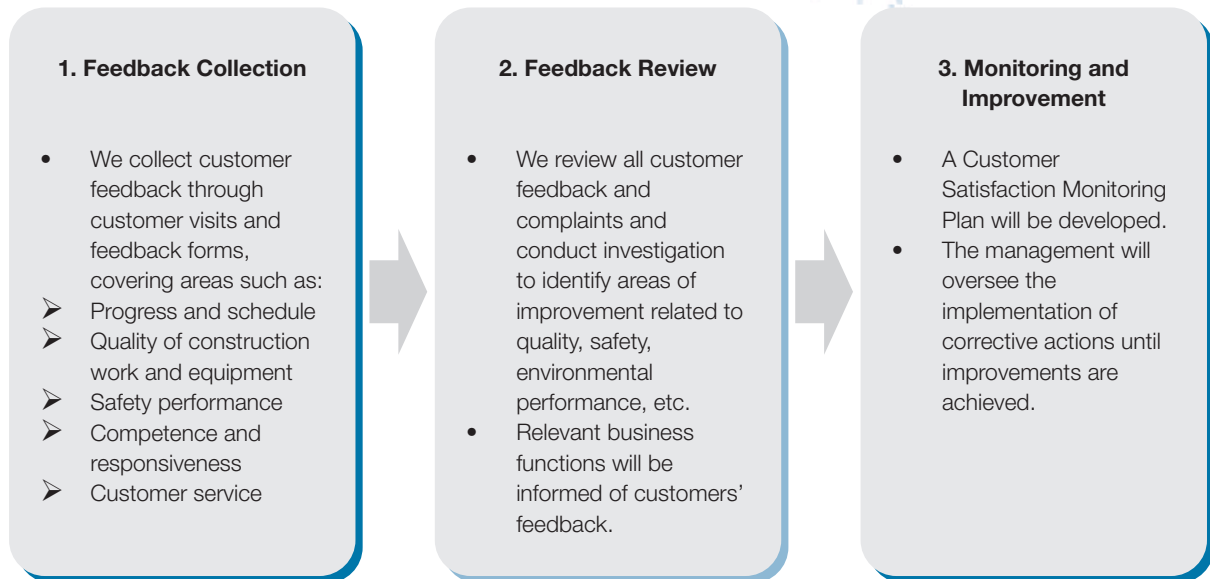
Quality Objective	Progress in FY2024
Zero liquidated damages per project	Achieved
To achieve CONQUAS ratings of above 90 per project	Achieved

During the Reporting Period, we achieved CONQUAS ratings of above 90 for the construction of a healthcare institution during the Reporting Period.

Environmental, Social and Governance Report

Customer Satisfaction

Meeting customers' needs and expectations is our top priority. We gather customer feedback during project implementation and upon completion of the project to enhance our product and service quality. Further details about our approach are outlined below.



During the Reporting period, the Group did not receive any material complaints related to our projects and services (FY2023: nil).

Environmental, Social and Governance Report

Data Privacy and Intellectual Property Rights

While the Group's operations are not inherently exposed to high data privacy and intellectual property rights risks, we remain proactive in implementing measures to ensure the security of customer data and confidential information, as well as to safeguard the intellectual property rights of both the Group's and other stakeholders.

Our Employee Code of Conduct outlines our expectations for employees when dealing with sensitive information, including but not limited to trade secrets, business information, agreements and contracts with customers or suppliers. Employees are strictly prohibited from disclosing such information without the Group's approval. Additionally, when sharing information with third parties, a non-disclosure agreement shall be executed.

To safeguard the Group's intellectual property rights, we actively encourage our employees to report to us any inventions or designs to the Group and to secure patents or industrial rights as needed. Employees are also reminded not to infringe upon third parties' intellectual property rights, including but not limited to copyrights, patents and trademarks.

Environmental, Social and Governance Report

BUILDING EXCELLENCE FOR THE ENVIRONMENT

Driving decarbonisation towards a greener future

Goal:

To strengthen climate resilience towards building sustainable cities, while reducing our environmental footprint

Material topics covered:

- Waste
- Energy efficiency and carbon emission reduction
- Water and wastewater management
- Noise management
- Sustainable built environment
- Green procurement
- Use of sustainable materials

Relevant UNSDGs in this chapter:

As part of our commitment to sustainability and in response to the Singapore Green Plan 2030, Kwan Yong endeavours to innovate, design and construct sustainable buildings with minimal adverse environmental impact during both construction and operation phases. We ensure strict compliance with relevant environmental laws and regulations². To minimise our projects' environmental footprint and preserve natural resources, we have in place an ISO 14001-certified environmental management system for our building construction activities.

Our dedication to environmental conservation is outlined in our Green & Gracious Policy, and we strictly adhere to the environmental management requirements and procedures detailed in our Environmental Management Manual throughout construction. We have established a set of environmental targets to monitor our progress towards achieving environmental excellence.

² Please refer to the "Significant Laws and Regulations" section for the list of environmental laws and regulations significant to the Group's business operations.

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Target		Progress in FY2024
Emissions	Reduce our emission intensity, including greenhouse gas (“ GHG ”) emissions in our operations	In Progress
	Adhere to air quality controls when requested by clients	Achieved
	No instances of complaints from the community, client and the National Environment Agency on air emissions	Achieved
Waste	Reduce waste by reusing materials on site and increasing the amount of waste recycled	Achieved
Energy use efficiency	Improve energy use efficiency by gradually reducing energy intensity through the implementation of cost-effective energy management initiatives	In Progress
Water efficiency	Enhance water efficiency and reduce water consumption	In Progress
Noise and vector control	No loss of time or delay in projects due to non-compliance with noise or vector regulations	Achieved
Environmental compliance	Ensure strict compliance with local environmental laws and regulations in our daily operation	Achieved

Environmental, Social and Governance Report

To promote environmental conservation awareness, the Group consistently arranges informative sessions and campaigns, which are designed to educate our employees, workers, vendors and sub-contractors about our environmental policies and commitment.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Resilience and Management

The Group acknowledges the significance of climate change risks and their potential negative impacts on our business operations. To address these challenges, we identify and evaluate climate-related risks through our risk management framework and policies. Corresponding mitigation measures are implemented. We consistently monitor the implementation of these practices and regularly review the effectiveness of our mitigation measures. The table below provides an overview of the climate-related risks we have identified and the actions we have taken to mitigate them.

Risk type	Description	Impact to the Group	The Group's Response
Physical risks	Risks from the increased severity of extreme weather events (e.g., cyclones, hurricanes, floods) and long-term climate pattern shifts	Extreme weather events may lead to disruptions and delays in construction and transport activities, as well as infrastructure damage, potentially resulting in financial losses due to operational disruptions and increased repair and maintenance costs.	<ul style="list-style-type: none"> • Prior to commencing any project, conduct on-site assessments to minimise disruptions caused by environmental hazards, such as flooding • Source construction materials from local suppliers to mitigate potential delays in material supply caused by extreme weather conditions
Transition risks – Policy and Legal risks	Risks arising from the increasingly stringent policies and regulations aimed at promoting climate change mitigation and adaptation	More stringent climate-related regulations may result in increased compliance costs for the Group.	<ul style="list-style-type: none"> • Continuously monitor the most recent environmental laws and regulations to ensure ongoing compliance

Environmental, Social and Governance Report

Risk type	Description	Impact to the Group	The Group's Response
Transition risks – Technology risks	Risks arising from technological advancements or innovations in the transition to a lower carbon economy	The need for developing new technologies to transition towards greener construction may lead to increased financial costs for technology development and deployment.	<ul style="list-style-type: none"> Consistently explore sustainability in the built environment Implement an ISO 14001-certified environmental management system to integrate green practices into the Group's operations

As part of our ongoing efforts on climate action, we have implemented various measures to reduce energy consumption and carbon emissions in our operations. Please refer to the “Energy, air and GHG Emissions” section for details of our efforts.

Sustainable Building and Construction

We prioritise responsible and sustainable practices in our construction projects. We encourage our developers or building owners to collaborate with qualified practitioners and relevant professionals to assess whether construction methods and materials align with environmental sustainability standards. Green building elements and sustainable construction methods are actively incorporated into our projects, where feasible, including but not limited to the following:

Green building

- Adopt construction materials certified by the Singapore Green Building Council and The Singapore Environment Council
- Prevent the use of materials with high energy consumption or causing severe pollution
- Prioritise the use of sustainably sourced produced woods
- Install taps and mixers with the highest water efficiency rating by the Singapore Public Utilities Board, in our projects if necessary
- Install equipment with high energy efficiency as necessary

Construction methods

- Adopt Virtual Design and Construction (“**VDC**”) and Building Information Modelling (“**BIM**”) technology, allows for gaining efficiency and visibility in each phase of construction. This results in lesser re-work, which could reduce the adverse impact on the environment from construction.
- Use Prefabricated Prefinished Volumetric Construction (“**PPVC**”) methods, which could reduce dust and noise pollution, waste generation and improves site safety.

Environmental, Social and Governance Report

Our employees and business partners have also undergone training to gain the knowledge and skills required to participate in green building projects. We actively hire new staff with knowledge in construction technologies to continuously strengthen our technical capability.

Energy, Air and GHG Emissions

As part of our dedication to a greener future, we persistently improve our energy efficiency and minimise our emissions. Our primary sources of air emissions, GHG emissions and energy consumption include purchased electricity consumed for daily operations and fuel consumption of company vehicles and machinery.

Our environmental policies are in place to employ effective energy and air quality management practices throughout our operations while encouraging our stakeholders who include the employees, contractors, and suppliers to reduce unnecessary consumption:

Aspect	Measures
Energy efficiency and carbon emission	
Efficient use of electricity and energy	<ul style="list-style-type: none"> • Replace construction equipment with high-efficient models whenever necessary • Ensure proper maintenance of equipment to maximise efficiency • Adopt construction technologies that minimise energy use where appropriate • Monitor the use of electricity at construction sites to minimise usage
Fuel use management	<ul style="list-style-type: none"> • Prioritise the use of fuels with less adverse environmental impact
Use of renewable energy	<ul style="list-style-type: none"> • Install solar panels on-site to encourage the use of renewable energy
Air quality management	
Dust prevention and removal	<ul style="list-style-type: none"> • Cover trucks transporting construction materials and waste with canvas sheets • Conduct vehicle jet-washing before departing the worksite • Utilise debris chutes for the transfer of construction debris • Enforce the prohibition of open burning for waste disposal • Establish a paved wash bay for vehicle cleaning before exiting the worksite • Implement silt fences around structures as a protective measure

Environmental, Social and Governance Report

Aspect	Measures
Storage management	<ul style="list-style-type: none"> • Store chemical substances with low vapour pressure under secure lids while ensuring sufficient ventilation • Ensure sand and aggregates are kept in appropriately enclosed pits • Safeguard cement by storing in appropriate enclosures to prevent accidental damage • Ensure the proper storage and swift removal of all construction debris for disposal
Inspection and monitoring	<ul style="list-style-type: none"> • Conduct air monitoring to assess on-site air pollution levels if required • Regularly service and inspect machinery to minimise emissions, which include black smoke and other pollutants emitted by generators • Provide health monitoring for workers
Training and education	<ul style="list-style-type: none"> • Provide essential on-site training to workers as needed
Efficient vehicle management practices	<ul style="list-style-type: none"> • Maintain the company fleet in proper working condition as far as practicable • Enforce a no idling policy to prevent vehicles from running engines unnecessarily • Consider the adoption of electric or hybrid vehicles for the fleet

Water Resource Conservation and Management

The Group values water resources and conservation in our daily operations. We consume freshwater which is sourced from municipal water supplies, and we did not encounter any issues in sourcing water that was fit for purpose during the Reporting Period. Guided by our environmental policies, we have introduced various water management initiatives to minimise water consumption and improve its efficiency:

- Conduct on-site water recycling and treatment for re-use in activities such as toilet flushing, cleaning and watering of plants
- Monitor water consumption by recording water meter readings on a regular basis
- Install water meters on water pipes for consumption tracking when feasible
- Install durable service pipes to minimise leakage due to damage if required
- Perform regular inspection and in water taps, hoses, pipes and water tanks to avoid water leakage
- Install low-capacity flushing cisterns and adjust flow rates in toilets for improved water efficiency

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Effluent Management

We are determined to minimise the adverse impact of our operations on water quality and biodiversity. The following measures have been introduced to ensure strict compliance with applicable regulatory standards for discharging wastewater generated from construction projects:

Aspect	Measures
Pollution control	<ul style="list-style-type: none">• Ensure proper storage of materials to prevent contamination• Remove silts and other materials from effluent generated from construction sites before discharge
Monitoring	<ul style="list-style-type: none">• Deploy responsible personnel to conduct regular inspection on the implementation of effluent management measures• Monitor water consumption by taking water meter readings on a regular basis
Maintenance	<ul style="list-style-type: none">• Conduct maintenance of effluent treatment facilities regularly
Training	<ul style="list-style-type: none">• Provide trainings to workers when needed to ensure that they are fully aware of our effluent management policies

Waste Management and Resource Conservation

Our waste primarily consists of construction waste, general refuse and food waste. All waste is managed by licensed contractors for proper treatment. We embrace the “4Rs” principles – Reduce, Reuse, Recycle, and Replace – as part of our waste management strategy, to promote resource reutilisation and recycling across our business operations.

Aspect	Measures
Minimising material waste	<ul style="list-style-type: none">• Utilise computer software for accurate material quantity estimations whenever necessary• Implement just-in-time ordering to prevent excess material orders• Encourage designs that minimise waste reduction
Responsible material reuse and recycling	<ul style="list-style-type: none">• Arrange for the collection of empty diesel containers by the suppliers for reuse• Gather unused materials for utilisation at other sites• Designate responsible personnel to monitor recycling procedures

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Aspect	Measures
Responsible waste collection	<ul style="list-style-type: none"> • Store waste in appropriate containers and in areas with easy reach of relevant waste generating activities • Use labelled containers to segregate waste by type • Appoint responsible personnel to monitor waste management procedures
Disposal	<ul style="list-style-type: none"> • Engage licensed waste collectors for the collection and disposal of construction waste
Green procurement	<ul style="list-style-type: none"> • Prioritise the purchase of construction materials that are more durable to reduce waste

Noise Management

We prioritise the wellbeing of our workers and local residents. To ensure minimal noise impact on the surrounding community, we have implemented a Noise Management Plan, offering clear guidelines for our people for effective noise pollution management.

Aspect	Measures
Identifying and assessing noise impact	<ul style="list-style-type: none"> • Identify nearby noise sensitive premises • Assess construction activities with potential noise impacts on sensitive premises • Estimate noise emission levels received by sensitive premises during various work phases
Implementing noise mitigation	<ul style="list-style-type: none"> • Utilise newer, quieter machines whenever possible • Apply noise insulation to noisy machines • Establish effective scheduling of noisy tasks throughout the project duration and daily operations • Increase the physical distance between noise sources and sensitive premises
Effective noise control	<ul style="list-style-type: none"> • Install noise barriers and enclosures • Conduct a thorough background noise study before initiating construction • Utilise real-time noise meters for continuous noise level monitoring

Environmental, Social and Governance Report

Engaging Our People in the Electronic Waste Recycling Programme

To promote recycling and divert electronic waste (“**e-waste**”) from landfills, we launched an e-waste recycling programme across our construction projects during the Reporting Period. We are grateful for the support of our employees and workers, and together, we collected 585 kg of e-waste (FY2023: 432 kg) which included waste batteries, household appliances, printer and walkie talkies from their households during the Reporting Period.

Green Procurement

We place a strong emphasis on green procurement. When selecting suppliers, we promote the adoption of environmentally preferable products and services by encouraging green practices, such as:

- Prioritise the use of environmentally-friendly office supplies and equipment, such as FSC® certified paper and electrical appliances with energy efficiency labels
- Prioritise the use of sustainable materials when practicable
- Minimise the use of single-use products to reduce waste
- Reduce the consumption of packaging materials whenever possible
- Minimise unnecessary purchase
- Prioritise local suppliers to minimise carbon emissions during transportation

Enhancing Environmental Public Health

In our commitment to enhancing public health through disease prevention, we have established the Vector Control Management Plan, equipping our workers with clear procedures and guidelines to prevent mosquito and vector breeding.

- Deploy a Pest Control Team for daily control measures
- Conduct regular checks and promptly address stagnant water
- Implement drainage and cleanup for water removal, and immediate removal of accumulated water
- Ensure swift disposal of construction waste and general refuse
- Store water-collecting containers indoors

Environmental, Social and Governance Report

Environmental Data Summary^{3,4,5}

	Unit	FY2024	FY2023
Emissions			
Nitrogen oxides (NO _x)	kg	1,000.13	5,701.39
Sulphur oxides (SO _x)	kg	2.62	5.06
Particulate matter (PM)	kg	88.86	437.34
GHG Emissions⁶			
Total GHG emissions (Scopes 1 and 2)	tCO ₂ e	2,764.81	1,573.71
– Scope 1	tCO ₂ e	2,619.82	1,367.77
– Scope 2	tCO ₂ e	144.99	205.95
Intensity of total GHG emissions (Scopes 1 and 2)	kgCO ₂ e/m ²	11.98	6.80
Waste⁷			
Total non-hazardous waste generated	tonnes	25,247.77	9,254.34
Intensity of total non-hazardous waste generated	kg/m ²	109.36	39.97
Energy⁷			
Total energy consumption	MWh	10,314.49	5,704.64
– Electricity	MWh	347.88	507.64
– Diesel	MWh	9,609.65	5,197.00
– Unleaded Petrol	MWh	356.97	–
Intensity of total energy consumption	kWh/m ²	44.68	24.64
Water			
Total water consumption	m ³	57,320.71	27,614.64
Intensity of total water consumption	m ³ /m ²	0.25	0.12

³ Unless otherwise specified, the environmental data for FY2024 covered 7 (FY2023: 6) construction projects on hand (including projects that are yet to commence) in Singapore.

⁴ The intensity metric was calculated using the gross floor area of the number of construction projects on hand (including projects that are yet to commence) in Singapore during the respective reporting period.

⁵ Totals may not be the exact sum of numbers shown here due to rounding.

⁶ In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition) published by World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group.

⁷ There was no significant generation of hazardous waste during the Reporting Period.

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BUILDING EXCELLENCE FOR PEOPLE

Fostering a people-centred workplace culture

Goal:

To cultivate a supportive and caring environment that fosters innovation, professionalism and wellness

Material topics covered:

– Occupational health and safety

Relevant UNSDGs in this chapter:



We understand the importance of our employees and workers in providing high quality projects and services to our customers. With the adoption of our employment and safety policies, we strive to enhance employee welfare, provide numerous training and development opportunities and build a healthy and safe workplace for them. We ensure strict compliance with relevant laws and regulations⁸ relating to employment, health and safety and labour standards. We have established a set of targets to monitor our progress towards building excellence for people.

Target		Progress in FY2024
Health and Safety	All new site personnel to go through safety induction trainings	Achieved
	Sub-contractor to conduct daily toolbox meeting which includes work safety and health matters	Achieved
	Ensure zero workplace fatalities	Achieved
Human Capital Management	Ensure zero incidence of non-compliance with employment and labour laws and regulations	Achieved
Learning and Development	Conduct refresher trainings at least every 6 months	Achieved

⁸ Please refer to the “Significant Laws and Regulations” section for the list of employment, health and safety and labour standards-related laws and regulations significant to the Group’s business operations.

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Employee Overview⁹

As of 30 June 2024, the Group had a total of 475 employees (FY2023: 419). The distribution of the Group's workforce is outlined in the table below.

	FY2024	FY2023
By Gender		
Male	418	374
Female	57	45
By Employment Type		
Full-time	475	419
Part-time	–	–
By Employment Category		
Senior Management	18	14
Middle Management	64	62
General and Technical Staff	393	343
By Age Group		
30 or below	200	186
31-50	218	192
51 or above	57	41
By Geographical Region		
Singapore	475	419

⁹ The employee overview (including turnover) data has covered the whole Group.

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During the Reporting Period, the overall turnover rate was 33% (FY2023: 40%). The distribution of employee turnover rate is as follows:

	FY2024	FY2023
By Gender (%)		
Male	35%	43%
Female	23%	18%
By Age Group (%)		
30 or below	38%	47%
31-50	33%	38%
51 or above	18%	22%
By Geographical Region (%)		
Singapore	33%	40%
Other regions	0%	0%

Employee Welfare and Benefits

We aim to enhance employee welfare and provide competitive remuneration packages to our employees. In this regard, we provide paid leaves, caring benefits and work incentives to our employees. Our arrangements on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are clearly set out in our Employee Handbook, Employee Code of Conduct and other human resource policies.

Paid Leaves

- Marriage leave
- Childcare leave
- Maternity leave
- Paternity leave
- Compassionate leave
- Medical and hospitalisation leave

Caring Benefits

- Medical claims
- Meal and transportation allowance
- Pension and medical insurance
- Injury insurance and hospitalisation and surgical benefits
- Recreational sessions

Work Incentives

- Performance bonuses

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During the Reporting Period, we organised various activities to enhance the wellbeing of our employees, including company lunches and dinners, complimentary onsite basic health screening, badminton and pilates classes, etc.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Occupational Health and Safety

Being part of the construction industry, we put safety at first priority and actively prevent occupational health and safety hazards in our workplace and construction sites. We continuously monitor the implementation of our safety management system and relevant measures. During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Construction Safety

To safeguard our workers' safety during the construction process, we have in place an ISO 45001-certified health and safety management system for our building construction activities. During the Reporting Period, we have attained the bizSAFE Level Star certified by the Workplace Safety and Health Council.

Under our health and safety management system, we have implemented a series of safety measures at our construction sites, including but not limited to:

- Enhancing on-site security with digital tools, such as requiring digital face scanning to enter construction sites and use of QR code system for different entry zone at project site
- Identifying and managing workplace hazards by integrating Permit-to-Work (“PTW”) systems with the mobile Office application
- Conducting risk assessments to identify hazards and implementing effective risk control measures, including halting work to ensure that risks identified are minimised or mitigated
- Implementing safety measures in the use of any machinery, equipment, plant, article, or process at the workplace, such as provision of personal protective equipment (“PPE”) when necessary
- Developing and implementing emergency response plans
- Ensuring workers are provided with sufficient instructions, training, and supervision so that they can work safely

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The Group continues to seek for new construction technologies to enhance work safety, including but not limited to the following:

- Adopt PPVC methods to minimise labour intensive works at height
- Adopt VDC and BIM technology, which could help identifying and mitigating safety risks
- Utilise pre-casting facade walls to replace lightweight prefabricated walls and adopt steel frame structure with precast hollow core slab to shorten construction time, and therefore reducing the exposure to safety risks
- Adopt Mass Engineered Timber ("**MET**") that allows workers to handle the components with ease as compared to working with steel and concrete, reducing the workers' exposure to workplace injuries
- Replace the traditional external scaffolding with other equipment and machinery, such as using the mast climber platform, boom lift and the scissor lift to carry out external plastering and painting works, reducing the risks of workers falling from heights

We provide our employees with trainings on occupational health and safety on an annual basis. The Group also encourages and incentivises employees to engage in safety practices by presenting safety awards to employees who diligently observe safety measures.

During the Reporting Period, there were no reportable work-related accidents (FY2023: nil), resulting in no lost days due to work injury (FY2023: Nil). There were no work-related fatalities occurred in the past three years including the Reporting Period.

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Management of Hazardous Materials

At our construction sites, we ensure that hazardous materials are properly handled to prevent safety hazards by the adoption of various measures, including but not limited to the following:

Aspect	Measures
Hazardous material control	<ul style="list-style-type: none">• Maintain records of registered hazardous substances and chemicals• Properly store combustible or flammable substances in cylinders• Prohibit welding, gas cutting, spray-painting and smoking in areas of storage of flammable or substances• Segregate and separately store drums or cans containing hazardous substances• Properly label containers with hazardous materials
Spillage management	<ul style="list-style-type: none">• Promptly clear the surrounding area and notify nearby workers in the event of any chemical spills• Provide proper PPE to workers when handling spills• Provide spill kits with absorbent materials, chemicals for neutralising spills, containers and equipment
Training and education	<ul style="list-style-type: none">• Provide spillage treatment training to workers

Enhancing Employees' Health

To prioritise and enhance the wellbeing of our employees, we conduct on-site health screenings to address and proactively detect any potential medical conditions or diseases. Our commitment to workplace health and safety is clearly communicated through our Employee Code of Conduct. This includes fostering a culture of safety by encouraging our employees to report to us any concerns related to safety or well-being, ensuring the use of necessary safety equipment, and conducting thorough risk assessments before commencing any tasks.

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Development and Training

As part of our unwavering commitment to our corporate mission of remaining at the forefront of the industry, the Group consistently invests in our employees' education and upskilling. We provide ample education and training opportunities to nurture their growth and career development. Apart from our internal training programmes, we also provide sponsorship for our employees to participate in external training courses and continuous education and training schemes. During the Reporting Period, our employees received training on the topics of workplace health and safety, project management, technical work, digitalisation, etc., with a total of 2,043 (FY2023: 3,271) training hours. Our training data¹⁰ is as follows:

	FY2024	FY2023
Percentage of Employees Trained		
By Gender		
Male	93%	95%
Female	7%	5%
By Employee Category		
Senior Management	5%	7%
Middle-level Management	16%	12%
General and Technical Staff	79%	81%
Average Training Hours Completed		
By Gender		
Male	3.49	5.67
Female	1.09	4.48
By Employee Category		
Senior Management	5.92	16.39
Middle-level Management	5.99	4.83
General and Technical Staff	2.74	5.37

The Group continually reviews, monitors, and enhances our training and development curriculum to ensure the effectiveness of our programmes in cultivating diverse skillsets among the employees, thereby leading to improved job performance and productivity.

We perform regular employee development reviews to provide our workforce with growth and advancement opportunities, and decisions on promotion and salary increments will be based on the review results. In FY2024, we performed performance appraisals, reflecting our commitment to their professional development.

¹⁰ The training data has covered the whole Group, and the calculations of training data have included the relevant training data on those who left the Group during the respective reporting period.

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Equal Opportunities and Human Rights Protection

The Group strives to provide a fair and inclusive workplace to our employees, where their rights are fully respected and protected. In this regard, we have established comprehensive employment policies.

We adopt a zero-tolerance approach towards any form of discrimination, including but not limited to gender, ethnicity, nationality, age, religious belief, disability, or marital status. Our Employee Code of Conduct prohibits our employees from any form of discrimination, workplace harassment and bullying, and we will investigate relevant complaints and incidents in a fair and timely manner. We hire employees based on their work experience and professional qualifications, ensuring a discrimination-free hiring process.

We strictly prohibit the use of child or forced labour throughout the entire recruitment process. Our Human Resources Department continually reviews our employment and recruitment process to ensure that effect practices are implemented to avoid child and forced labour. Once child or forced labour is identified, we will terminate the illegal employment immediately and adopt necessary procedures according to relevant laws and regulations. To prevent child labour, we verify candidates' identity documents during our recruitment process, and we do not employ minors or offer apprenticeship. Working hours and holidays are clearly stated in our employment contract and Employee Handbook to prevent forced labour. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations related to child labour and forced labour.

To prevent any illegal labour, we ensure that all our employees have the necessary visas, work permits, specific registrations, licenses, and qualifications before commencement of work. We also implement face recognition digital access at our sites to prevent illegal workers from entering or working at our premises and conduct random checks on site.

We will strengthen gender diversity within our workforce, recognising that a diverse team fosters varied perspectives, innovation, and a more inclusive workplace culture.

Environmental, Social and Governance Report

BUILDING EXCELLENCE FOR THE COMMUNITY

Cultivating a caring culture for communities

Goal:

To be a force for positive change by giving back and empowering local communities to thrive

Material topics covered:

N/A

Relevant UNSDGs in this chapter:

We, as a socially responsible corporate, are in continuous pursuit of building excellence for the community where we operate. Through ongoing community engagement and investment in diverse initiatives, we endeavour to harness our strengths and resources to foster inclusive and sustainable communities where individuals can thrive. Our policy encourages the employees to engage in community activities. During the Reporting Period, we extended our support in three focus areas, namely improving accessibility and connectivity, enhancing public health, and environmental protection, contributing 331.5 hours in volunteering activities and a total of SGD36,000 in donations.

Improving Accessibility and Connectivity

With our commitment in building resilient communities, we are dedicated to creating an environment that resonates with safety, convenience, and inclusivity. Our construction projects, spanning the public, commercial and private sectors, enrich lives and elevate the overall wellbeing of our local communities.



Singapore General Hospital



Fajar Secondary School



Childcare at Rivervale

Environmental, Social and Governance Report

Enhancing Public Health

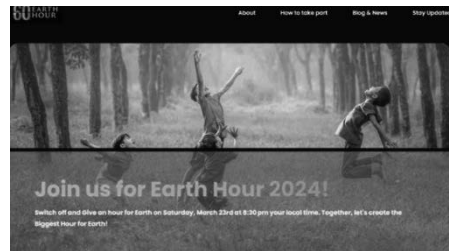
During the Reporting Period, we partnered with The Singapore Contractors Association Limited (SCAL) to organise a significant event – the Company Blood Donation Day, specifically for our employees. This initiative encourages active participation, not only in the spirit of supporting public healthcare services but also in the continuous effort to sustain lives amid medical challenges and emergencies.



We believe that community well-being and wellness are vital for advancing social development. With this ethos at heart, we extended charitable donations to the West Coast GRC, People's Association and Singapore Thong Chai Medical Institution. Through our donation, we aim to support for those in need within our community regardless of race, religion and nationality.

Environmental Protection

Embracing our dedication to energy conservation and addressing global warming, we have invited our employees to join the universal call of Earth Hour 2023 during the Reporting Period. United in purpose, our Directors and employees have enthusiastically switched off lighting in their homes for an hour. This simple yet impactful gesture reflects our commitment to contributing to carbon reduction and reinforcing sustainable energy practices within the wider community.



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SIGNIFICANT LAWS AND REGULATIONS

Aspect	Significant Laws and Regulations
Aspect A: Environmental	• Sewerage and Drainage Act
	• Control of Vectors and Pesticides Act
	• Environmental Protection and Management Act
	• Environmental Public Health Act
	• Infectious Disease Act 1976
	• National Environment Agency Act
	• Environmental Protection and Management (Control of Noise at Construction Sites) Regulations
Aspect B1: Employment Aspect B4: Labour Standards	• Employment Act
	• Central Provident Fund Act
	• Immigration Act
	• Employment of Foreign Manpower Act
Aspect B2: Health and Safety	• Workplace Safety and Health Act
	• Work Injury Compensation Act
	• Environmental Public Health Act
Aspect B6: Product Responsibility	• Building Control Act
	• Building and Construction Industry Security of Payment Act
	• Personal Data Protection Act
Aspect B7: Anti-corruption	• Prevention of Corruption Act

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HKEX ESG REPORTING GUIDE CONTENT INDEX

Indicator		Chapter/Disclosure
A. Environmental		
Aspect A1: Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Building Excellence for the Environment Significant Laws and Regulations
KPI A1.1	The types of emissions and respective emissions data.	Environmental Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	There was no significant generation of hazardous waste during the Reporting Period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Data Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Building Excellence for the Environment Energy, Air and GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Building Excellence for the Environment Waste Management and Resource Conservation

Environmental, Social and Governance Report

Indicator		Chapter/Disclosure
Aspect A2: Use of Resources		
<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>		<p>Energy, Air and GHG Emissions</p> <p>Water Resource Conservation and Management</p>
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Data Summary
KPI A2.2	Water consumption in total and intensity.	Environmental Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Building Excellence for the Environment Energy, Air and GHG Emissions
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Building Excellence for the Environment Water Resource Conservation and Management
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	Due to our business nature, use of packaging materials for finished products is not applicable.
Aspect A3: The Environment and Natural Resources		
<p>General Disclosure</p> <p>Policies on minimizing the issuer's significant impact on the environment and natural resources.</p>		Building Excellence for the Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Building Excellence for the Environment

Environmental, Social and Governance Report

Indicator		Chapter/Disclosure
Aspect A4: Climate Change		
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Resilience and Management
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Resilience and Management
B. Social		
<i>Employment and Labour Practices</i>		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Building Excellence for People Significant Laws and Regulations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Overview

Environmental, Social and Governance Report

Indicator	Chapter/Disclosure	
Aspect B2: Health and Safety		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>		<p>Building Excellence for People</p> <p>Significant Laws and Regulations</p>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and Training		
<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>		<p>Development and Training</p>
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Environmental, Social and Governance Report

Indicator		Chapter/Disclosure
Aspect B4: Labour Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Building Excellence for People Significant Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Equal Opportunities and Human Rights Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Equal Opportunities and Human Rights Protection
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		Sustainable Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management Green Procurement

Environmental, Social and Governance Report

Indicator		Chapter/Disclosure
Aspect B6: Product Responsibility		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>		<p>Building Excellence in Operations</p> <p>Significant Laws and Regulations</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to our business nature, the Group does not involve product recalls for safety and health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Data Privacy and Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Project Quality and Customer Safety Due to our business nature, the Group does not involve product recalls.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy and Intellectual Property Rights

Environmental, Social and Governance Report

Indicator		Chapter/Disclosure
Aspect B7: Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Building Excellence in Operations Significant Laws and Regulations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Building Excellence for the Community
KPI B8.1	Focus areas of contribution.	Building Excellence for the Community
KPI B8.2	Resources contributed to the focus area.	Building Excellence for the Community

Environmental, Social and Governance Report

GRI CONTENT INDEX

Statement of use	Kwan Yong has reported the information cited in this GRI content index for the period from 1 July 2023 to 30 June 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Chapter
General Disclosures 2021		
The Organization and its reporting practices		
2-1	Organizational details	About Kwan Yong
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	Environmental Data Summary Development and Training
Activities and workers		
2-6	Activities, value chain and other business relationships	About Kwan Yong
2-7	Employees	Employee Overview
Governance		
2-12	Role of the highest governance body in overseeing the management of impacts	Our Sustainability Governance and Board's Oversight
2-13	Delegation of responsibility for managing impacts	Our Sustainability Governance and Board's Oversight
2-14	Role of the highest governance body in sustainability reporting	Our Sustainability Governance and Board's Oversight

Environmental, Social and Governance Report

GRI Standard	Disclosure	Chapter
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Our Sustainability Strategy
2-26	Mechanisms for seeking advice and raising concerns	Anti-corruption
2-27	Compliance with laws and regulations	Building Excellence in Operations Building Excellence for People Building Excellence for the Environment
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Materiality Assessment
3-2	List of material topics	Materiality Assessment
3-3	Management of material topics	Building Excellence in Operations Building Excellence for People Building Excellence for the Environment Building Excellence for the Community
Economic topics		
GRI 205: Anti-corruption 2016		
<i>Topic management disclosures</i>		Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption

Environmental, Social and Governance Report

GRI Standard	Disclosure	Chapter
Environmental topics		
GRI 302: Energy 2016		
Topic management disclosures		Energy, Air and GHG Emissions
302-1	Energy consumption within the organization	Environmental Data Summary
302-3	Energy intensity	Environmental Data Summary
GRI 303: Water and Effluents 2018		
Topic management disclosures		Water Resource Conservation and Management
303-2	Management of water discharge-related impacts	Water Resource Conservation and Management
303-5	Water consumption	Environmental Data Summary
GRI 305: Emissions 2016		
Topic management disclosures		Energy, Air and GHG Emissions
305-1	Direct (Scope 1) GHG emissions	Environmental Data Summary
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Data Summary
305-4	GHG emissions intensity	Environmental Data Summary
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Environmental Data Summary

Environmental, Social and Governance Report

GRI Standard	Disclosure	Chapter
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Waste Management and Resource Conservation
306-2	Management of significant waste-related impacts	Waste Management and Resource Conservation
306-3	Waste generated	Waste Management and Resource Conservation
GRI 308: Supplier Environmental Assessment 2016		
Topic management disclosures		Sustainable Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain Management
Social topics		
GRI 401: Employment 2016		
Topic management disclosures		Building Excellence for People
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-3	Occupational health services	Occupational Health and Safety
403-5	Worker training on occupational health and safety	Occupational Health and Safety
403-6	Promotion of worker health	Employee Welfare and Benefits
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-9	Work-related injuries	Occupational Health and Safety

Environmental, Social and Governance Report

GRI Standard	Disclosure	Chapter
GRI 404: Training and Education 2016		
	Topic management disclosures	Development and Training
404-1	Average hours of training per year per employee	Development and Training
404-2	Programs for upgrading employee skills and transition assistance programs	Development and Training
404-3	Percentage of employees receiving regular performance and career development reviews	Development and Training
GRI 405: Diversity and Equal Opportunity 2016		
	Topic management disclosures	Equal Opportunities and Human Rights Protection
405-1	Diversity of governance bodies and employees	Equal Opportunities and Human Rights Protection
GRI 406: Non-discrimination 2016		
	Topic management disclosures	Equal Opportunities and Human Rights Protection
GRI 408: Child Labor 2016		
	Topic management disclosures	Equal Opportunities and Human Rights Protection
GRI 409: Forced or Compulsory Labor 2016		
	Topic management disclosures	Equal Opportunities and Human Rights Protection
GRI 413: Local Communities 2016		
	Topic management disclosures	Building Excellence for the Community

Environmental, Social and Governance Report

GRI Standard	Disclosure	Chapter
GRI 414: Supplier Social Assessment 2016		
	Topic management disclosures	Sustainable Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain Management
GRI 416: Customer Health and Safety 2016		
	Topic management disclosures	Project Quality and Customer Safety
GRI 417: Marketing and Labeling 2016		
417-2	Incidents of non-compliance concerning product and service information and labelling	Customer Satisfaction
417-3	Incidents of non-compliance concerning marketing communications	Customer Satisfaction
GRI 418: Customer Privacy 2016		
	Topic management disclosures	Data Privacy and Intellectual Property Rights



Independent Auditor's Report

For the financial year ended 30 June 2024
Independent auditor's report to the shareholders of Kwan Yong Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Kwan Yong Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the consolidated statement of financial position of the Group as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements of the Group gives a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of the consolidated financial performance, the consolidated changes in equity and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards (the “**IFRSs**”) approved by the International Accounting Standards Boards (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Independent Auditor's Report

For the financial year ended 30 June 2024

Independent auditor's report to the shareholders of Kwan Yong Holdings Limited

Accounting for construction contracts

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

As part of our audit procedures, we:

- Reviewed terms and conditions of contracts with customers, including the contractual sums, variation orders and verified costs incurred against underlying supporting documents;
- Assessed the reasonableness of management's assumptions in estimating the total estimated revenue and budgeted cost for projects considering the historical accuracy of such estimates;
- Reviewed the appropriateness of inputs, amongst others, materials, subcontractors and labour costs used by management in their estimation of the total costs to complete and checked to the relevant supporting documents and subsequent events;
- Analysed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year;
- Checked the arithmetic accuracy of the computation of revenue recognised during the year for individually significant projects; and
- Reviewed project files and discussed with management on the progress of significant projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties and overruns. If the budgeted cost of a contract exceeds the expected contract revenue, assessed whether adequate provision for onerous contracts has been recognised.

We also evaluated the adequacy of the disclosures relating to construction contracts and provision for onerous contracts in Notes 5, 19 and 24.

OTHER INFORMATION

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



Independent Auditor's Report

For the financial year ended 30 June 2024
Independent auditor's report to the shareholders of Kwan Yong Holdings Limited

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Independent Auditor's Report

For the financial year ended 30 June 2024

Independent auditor's report to the shareholders of Kwan Yong Holdings Limited

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



Independent Auditor's Report

For the financial year ended 30 June 2024
Independent auditor's report to the shareholders of Kwan Yong Holdings Limited

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

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

Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore

26 September 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2024

	Note	2024 SGD'000	2023 SGD'000
Revenue	5	133,829	111,435
Cost of sales		(126,093)	(102,828)
Gross profit		7,736	8,607
Other income and gain	6	2,150	1,316
Administrative expenses		(9,725)	(7,351)
Other expenses		–	(47)
Finance costs	7	(150)	(135)
Profit before tax	8	11	2,390
Income tax credit/(expense)	11	1,560	(65)
Profit for the year attributable to shareholders of the Company		1,571	2,325
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		20	82
Other comprehensive income for the year, net of tax		20	82
Total comprehensive income for the year attributable to shareholders of the Company		1,591	2,407
Basic and diluted earnings per share (cents)	13	0.20	0.29

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

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 SGD'000	2023 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	18,531	16,800
Investment properties	15	1,779	1,810
Equity investments at fair value through other comprehensive income	17	698	1,034
Deferred tax assets	18	1,562	–
Total non-current assets		22,570	19,644
Current assets			
Contract assets	19	6,277	19,889
Trade receivables	20	23,557	19,048
Prepayments, deposits and other receivables	21	2,327	799
Pledged deposits	22	3,000	3,000
Cash and cash equivalents	22	41,185	22,913
Total current assets		76,346	65,649
Total assets		98,916	85,293
Current liabilities			
Contract liabilities	19	11,505	7,932
Trade and other payables	23	43,043	33,578
Provisions	24	901	2,984
Borrowings	25	1,203	1,031
Lease liabilities	16	627	98
Tax payable		2	15
Total current liabilities		57,281	45,638
Net current assets		19,065	20,011

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 SGD'000	2023 SGD'000
Non-current liabilities			
Borrowings	25	455	965
Lease liabilities	16	2,167	1,268
Total non-current liabilities		2,622	2,233
Total liabilities		59,903	47,871
Net assets		39,013	37,422
Equity attributable to shareholders of the Company			
Issued capital	26	1,389	1,389
Share premium		32,978	32,978
Reserves	27	4,646	3,055
Total equity		39,013	37,422

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2024

	Attributable to shareholders of the Company					Total equity SGD'000
	Issued capital SGD'000	Share premium account SGD'000	Foreign currency translation reserve SGD'000 (Note 27(ii))	Fair value reserves SGD'000 (Note 27(iii))	Retained profits 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.

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2024

	Note	2024 SGD'000	2023 SGD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11	2,390
Adjustments for:			
Bank interest income	6	(1,385)	(454)
Gain on disposal of property, plant and equipment, net	6	(4)	(190)
Gain on disposal of equity investments	6	(14)	–
Dividend income from equity investments	6	(26)	(24)
Finance costs	7	150	135
Depreciation of property, plant and equipment	8	2,340	2,298
Depreciation of investment properties	8	31	31
Provision for defect liabilities, net	24	(175)	(24)
Provision for onerous contracts, net	24	(1,908)	2,323
		(980)	6,485
Operating cash flows before changes in working capital			
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
		19,633	9,359
Cash flows generated from operations			
Income tax (paid)/refund		(15)	54
		19,618	9,413
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
		176	1,246
Net cash flows generated from investing activities			

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2024

	Note	2024 SGD'000	2023 SGD'000
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		(935)	(1,001)
		<u>(1,522)</u>	<u>(1,623)</u>
Net cash flows used in financing activities			
		18,272	9,036
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		22,913	13,877
		<u>22,913</u>	<u>13,877</u>
Cash and cash equivalents at end of year	22	41,185	22,913
		<u>41,185</u>	<u>22,913</u>

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

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.

As at the date of this report, in the opinion of the directors of the Company, Ideal Smart Ventures Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company of the Company.

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

Company name	Place of incorporation and operations	Nominal value of issued share capital	2024 %	2023 %	Principal activities
Held by the Company					
Forever Brilliant International Limited (" Forever Brilliant ") (Note (a))	British Virgin Islands	US\$2	100	100	Investment holding
Held by subsidiary					
Kwan Yong Construction Pte Ltd (" Kwan Yong ") (Note (b))	Singapore	SGD25,000,000	100	100	Provision of general building and construction services
Kwan Yong Project Private Limited (Note (b))	Singapore	SGD25,000	100	100	Provision of accommodation

Notes:

- (a) No audited financial statements have been prepared for this entity as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation.
- (b) The statutory financial statements of these entities for the year ended 30 June 2024 prepared under Financial Reporting Standards in Singapore ("**FRSs**") have been audited by Ernst & Yong LLP, Singapore.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

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 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.4 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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.6 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Foreign currency

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Impairment of non-financial assets

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

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

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

2.9 Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Property, plant and equipment (Continued)

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

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

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

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

2.10 Investment properties

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

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.11 Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

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

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.8 Impairment of non-financial assets.

(ii) Lease liabilities

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.11 Leases (Continued)

Group as a lessee (Continued)

(ii) Lease liabilities (Continued)

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

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

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

Group as a lessor

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

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

(i) Financial assets at amortised cost

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments (Continued)

(a) Financial assets (Continued)

Derecognition

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

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

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

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

Impairment

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments (Continued)

(a) Financial assets (Continued)

General approach

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

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

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

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

- | | | |
|---------|---|---|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs. |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs. |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs. |

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments (Continued)

(a) Financial assets (Continued)

Simplified approach

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Derecognition

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial Instruments (Continued)

(b) Financial liabilities (Continued)

Offsetting of financial instruments

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

2.13 Cash and cash equivalents

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

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

2.14 Provisions

General

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.14 Provisions (Continued)

Onerous contracts

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

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

2.15 Income tax

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

(i) Current income tax

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

(ii) Deferred tax

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.15 Income tax (Continued)

(ii) *Deferred tax (Continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.15 Income tax (Continued)

(ii) *Deferred tax (Continued)*

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

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

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

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

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

2.16 Revenue recognition

Revenue from contracts with customers

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

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.16 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Significant financing components

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.16 Revenue recognition (Continued)

Revenue from other sources

(a) *Interest income*

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

(b) *Dividend income*

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

(c) *Rental income*

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

Contract modifications

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.16 Revenue recognition (Continued)

Contract assets and liabilities

(a) Contract assets

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

(b) Contract liabilities

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

2.17 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.18 Dividends

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

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

2.19 Government grants

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

2.20 Borrowing costs

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements made in applying accounting policies

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

Recognition of construction revenue

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

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

Determining the total contract revenue

The Group seeks to collect (i) variations from customers as reimbursement of costs and margins for changes in scope of works in the construction contracts and (ii) incentive payments, which give rise to variable consideration. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for variations and incentive payments in construction services, given there is a wide range of possible outcomes which are subject to negotiations between contractual parties.

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Estimating the contract revenue and contract costs for the construction works

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

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

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date. During the year, the Group has recognised revenue of SGD293,000 (2023: SGD2,401,000) in relation to variable consideration upon the receipt of final accounts and reversal of accrued subcontractors cost of SGD2,108,000 (2023: SGD628,000) for projects completed in the previous financial years. The revenue recognised is as disclosed in Note 5.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

Provision for defect liabilities

Determining the provision for defect liabilities in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise. The estimation of the timing of such incoming costs and of the future costs of carrying out such rectification works are subjected to significant uncertainties. Significant estimate is required in determining if the Group has to make provision for any potential costs. The carrying amount of the provision for defect liabilities as at the end of each financial year is disclosed in Note 24.

Provision for onerous contracts

The Group records provision for onerous contracts for its construction contracts when it is inevitable that the unavoidable costs of meeting the obligation under the contracts exceeds the estimated economic benefits expected to be received under the contracts. The provision is measured according to management's best estimate of the expected revenue and costs to be earned or incurred. The estimates include an assessment of current market conditions, historical trends, as well as future expectation and is therefore subject to significant uncertainties. The carrying amount of the provision for onerous contracts as at the end of each financial year is disclosed in Note 24.

Provision for expected credit losses of trade receivables and contract assets

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets

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

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

Fair value of investment properties

The Group engages independent professional qualified surveyor to assess fair value of investment properties as at 30 June 2024. The fair value of investment properties are determined by independent professional qualified surveyor using the market comparable. The key assumptions used to determine the fair value of these investment properties are disclosed in Note 15.

4. SEGMENT INFORMATION

Operating segment information

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

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 SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
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	31	–	–	31

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

Year ended 30 June 2023

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
Revenue				
External customers	110,739	696	–	111,435
Segment results				
	2,289	686	(585)	2,390
Segment assets				
	83,467	385	1,441	85,293
Segment liabilities				
	47,505	74	292	47,871
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	31	–	–	31

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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

Information about major customers

Revenue from major customers, which contributed 10% or more of the Group's revenue for years ended 30 June 2024 and 2023, is set out below:

	2024 SGD'000	2023 SGD'000
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 customer did not contribute 10% or more of the Group's revenue in the years ended 30 June 2024 and 2023.

5. REVENUE

(a) Disaggregation revenue information

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

Segments	Construction		Property		Total	
	2024 SGD'000	2023 SGD'000	2024 SGD'000	2023 SGD'000	2024 SGD'000	2023 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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

5. REVENUE (Continued)

(b) Judgement and methods used in estimating revenue

Performance obligation – Construction services

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

(c) Transaction price allocated to remaining performance obligation

The 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 SGD'000	2023 SGD'000
Trade receivables (Note 20)	23,557	19,048
Contract assets (Note 19)	6,277	19,889
Contract liabilities (Note 19)	11,505	7,932

Set out below is the amount of revenue recognised from:

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

6. OTHER INCOME AND GAIN

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

	2024	2023
	SGD'000	SGD'000
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
	2,132	1,126
Gain		
Gain on disposal of property, plant and equipment	4	190
Gain on disposal of equity investments	14	–
	2,150	1,316

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.

7. FINANCE COSTS

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

	2024	2023
	SGD'000	SGD'000
Interest on:		
Term loan	30	50
Hire purchases	6	4
Lease liabilities (Note 16(b))	114	81
	150	135

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

8. PROFIT BEFORE TAX

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

	Note	2024 SGD'000	2023 SGD'000
Cost of construction work		116,228	100,505
Onerous contract		9,865	2,323
Depreciation of property, plant and equipment	14	2,340	2,298
Less: Amount included in cost of construction work		(1,857)	(1,847)
		483	451
Depreciation of investment properties	15	31	31
Expensed relating to short-term leases and leases of low value assets	16(c)	46	15
Less: Amount included in cost of construction work		(38)	(10)
		8	5
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		56	42
Employee benefit expense (excluding directors' remuneration (Note 9)):			
Salaries, allowances and benefits in kind		10,715	8,321
Wages		3,477	2,801
Pension scheme contributions		765	558
		14,957	11,680
Less: Amount included in cost of construction work		(11,065)	(7,758)
		3,892	3,922
Provision for defect liabilities – net	24	74	185
Auditor's remuneration		180	178
COVID-19 related expenses		–	47

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

9. DIRECTORS' REMUNERATION

Certain directors of the Company received remuneration from a subsidiary now comprising the Group in their capacity as being directors and/or employees of that subsidiary. The remuneration of these directors as recorded in the consolidated financial statements of that subsidiary during the years ended 30 June 2024 and 2023 is set out below:

	2024	2023
	SGD'000	SGD'000
Fees	260	260
Other emoluments:		
Salaries, allowances and benefits in kind	1,731	1,342
Pension scheme contributions	50	46
	2,041	1,648

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

	Fees	Salaries, allowances and benefits	Pension scheme contributions	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 30 June 2024				
<i>Executive directors</i>				
Mr. Kwan Mei Kam	30	490	9	529
Ms. Tay Yen Hua	30	490	9	529
Mr. Jacob Wong San Ta	30	590	15	635
Ms. Kwan Shu Ming	30	161	17	208
<i>Non-executive director</i>				
Mr. Lim Ah Lay	35	–	–	35
<i>Independent non-executive directors</i>				
Mr. Wu Dongqing	35	–	–	35
Mr. Chou Sean Yu	35	–	–	35
Mr. Fong Heng Boo	35	–	–	35
	260	1,731	50	2,041

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

9. DIRECTORS' REMUNERATION (CONT'D)

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

	Fees SGD'000	Salaries, allowances and benefits SGD'000	Pension scheme contributions SGD'000	Total SGD'000
Year ended 30 June 2023				
<i>Executive directors</i>				
Mr. Kwan Mei Kam	30	452	6	488
Ms. Tay Yen Hua	30	452	6	488
Mr. Jacob Wong San Ta	30	278	17	325
Ms. Kwan Shu Ming	30	160	17	207
<i>Non-executive director</i>				
Mr. Lim Ah Lay	35	–	–	35
<i>Independent non-executive directors</i>				
Mr. Wu Dongqing	35	–	–	35
Mr. Chou Sean Yu	35	–	–	35
Mr. Fong Heng Boo	35	–	–	35
	<u>260</u>	<u>1,342</u>	<u>46</u>	<u>1,648</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 June 2024 and 2023.

10. FIVE HIGHEST PAID EMPLOYEES

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

	2024 SGD'000	2023 SGD'000
Salaries, allowances and benefits in kind	2,057	1,582
Pension scheme contributions	67	57
	<u>2,124</u>	<u>1,639</u>

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

10. FIVE HIGHEST PAID EMPLOYEES (Continued)

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

	Number of employees	
	2024	2023
Nil to HKD1,000,000	–	–
HKD1,000,001 to HKD1,500,000	2	2
HKD1,500,001 to HKD2,000,000	–	1
HKD2,000,001 to HKD3,000,000	3	2
	<u>5</u>	<u>2</u>
	<u>5</u>	<u>5</u>

11. 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 SGD'000	2023 SGD'000
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>(1,560)</u>	<u>65</u>

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

11. INCOME TAX (CREDIT)/EXPENSE (Continued)

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 SGD'000	2023 SGD'000
Profit before tax	11	2,390
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	(1,560)	65

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.

12. DIVIDENDS

No dividend has been paid or declared by the Company for the financial years ended 30 June 2024 and 2023.

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	2024	2023
Profit attributable to the shareholders of the Company (SGD)	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 (Singapore cents)	0.20	0.29

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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Building and dormitory SGD'000 (Note (a))	Office renovation SGD'000	Plant and machinery SGD'000 (Note (b))	Computers SGD'000	Motor vehicles SGD'000 (Note (b))	Signboard SGD'000	Total SGD'000
30 June 2024							
At 1 July 2023							
Cost	18,260	1,379	6,341	260	4,425	20	30,685
Accumulated depreciation	(5,467)	(1,300)	(4,852)	(260)	(1,990)	(16)	(13,885)
Net carrying amount	12,793	79	1,489	-	2,435	4	16,800
Net carrying amount:							
1 July 2023	12,793	79	1,489	-	2,435	4	16,800
Additions	1,819	-	787	61	1,768	-	4,435
Depreciation provided	(1,073)	(41)	(727)	(47)	(450)	(2)	(2,340)
Disposals	-	-	(1)	-	(363)	-	(364)
At 30 June 2024	13,539	38	1,548	14	3,390	2	18,531
At 30 June 2024:							
Cost	20,079	1,379	6,993	309	5,304	20	34,084
Accumulated depreciation and impairment loss	(6,540)	(1,341)	(5,445)	(295)	(1,914)	(18)	(15,553)
Net carrying amount	13,539	38	1,548	14	3,390	2	18,531

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Building and dormitory SGD'000 (Note (a))	Office renovation SGD'000	Plant and machinery SGD'000 (Note (b))	Computers SGD'000	Motor vehicles SGD'000 (Note (b))	Signboard SGD'000	Total SGD'000
30 June 2023							
At 1 July 2022							
Cost	18,260	1,379	7,111	260	4,438	20	31,468
Accumulated depreciation	(4,343)	(1,245)	(5,299)	(256)	(1,635)	(14)	(12,792)
Net carrying amount	13,917	134	1,812	4	2,803	6	18,676
Net carrying amount:							
1 July 2022	13,917	134	1,812	4	2,803	6	18,676
Additions	-	-	510	-	76	-	586
Depreciation provided	(1,124)	(55)	(700)	(4)	(413)	(2)	(2,298)
Disposals	-	-	(133)	-	(31)	-	(164)
At 30 June 2023	<u>12,793</u>	<u>79</u>	<u>1,489</u>	<u>-</u>	<u>2,435</u>	<u>4</u>	<u>16,800</u>
At 30 June 2023:							
Cost	18,260	1,379	6,341	260	4,425	20	30,685
Accumulated depreciation and impairment loss	(5,467)	(1,300)	(4,852)	(260)	(1,990)	(16)	(13,885)
Net carrying amount	<u>12,793</u>	<u>79</u>	<u>1,489</u>	<u>-</u>	<u>2,435</u>	<u>4</u>	<u>16,800</u>

Notes:

- (a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of the leased assets are disclosed in Note 16.
- (b) The carrying amounts of the Group's motor vehicles held under hire-purchase financing as at 30 June 2024 was SGD1,219,000 (2023: SGD115,000).

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

15. INVESTMENT PROPERTIES

	2024	2023
	SGD'000	SGD'000
At beginning of year		
Cost	2,365	2,365
Accumulated depreciation	(555)	(524)
	<hr/>	<hr/>
Net carrying amount	1,810	1,841
	<hr/>	<hr/>
At beginning of year	1,810	1,841
Depreciation provided during the year	(31)	(31)
	<hr/>	<hr/>
At end of year	1,779	1,810
	<hr/>	<hr/>
Cost	2,365	2,365
Accumulated depreciation	(586)	(555)
	<hr/>	<hr/>
Net carrying amount	1,779	1,810
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The Group's investment properties are commercial properties in Singapore which are leased to third parties, further summary details of which are included in Note 30.
- (b) The Group's investment properties are initially carried at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The fair value of the investment properties as at 30 June 2024 was SGD5,800,000 (2023: SGD5,300,000) and has been arrived at on a market value basis of a valuation carried out as at the end of the financial year by an independent professional qualified surveyor. The valuation was arrived at by reference to comparable market transactions for similar properties by direct comparison approach, assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The valuation involves the use of certain significant unobservable inputs for which include adjusted transaction price of comparable properties. The fair value measurement of the investment properties falls into Level 3 of the fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

16. LEASES

The Group is required to pay annual land rent to Jurong Town Corporation (“JTC”) for its building and dormitory. The annual rent is based on market rent for the relevant year. The land lease has a remaining tenure between 2 to 30 years. The Group’s obligations under these leases are secured by the lessor’s title to the leased asset. The Group is restricted from assigning and subleasing the leased asset.

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

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

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

	2024 SGD'000	2023 SGD'000
As at 1 July	1,270	1,459
Additions	1,819	–
Depreciation	(425)	(189)
	<u>2,664</u>	<u>1,270</u>
As at 30 June	<u>2,664</u>	<u>1,270</u>

(b) Lease liabilities

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

	2024 SGD'000	2023 SGD'000
As at 1 July	1,366	1,542
Additions	1,819	–
Accretion of interest	114	81
Payments	(505)	(257)
	<u>2,794</u>	<u>1,366</u>
As at 30 June	<u>2,794</u>	<u>1,366</u>
Current	<u>627</u>	<u>98</u>
Non-current	<u>2,167</u>	<u>1,268</u>

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

16. LEASES (Continued)

(c) Amounts recognised in profit or loss

	2024 SGD'000	2023 SGD'000
Depreciation of right-of-use assets	425	189
Interest expense on lease liabilities	114	81
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in cost of sales)	38	10
– Expenses relating to leases of short-term leases and leases of low-value assets (Included in administrative expenses)	8	5
Total (Note 8)	<u>46</u>	<u>15</u>
Total amount recognised in profit or loss	<u>585</u>	<u>285</u>

(d) Total cash outflows

The Group had total cash outflows for lease of SGD505,000 (2023: SGD257,000) for the year ended 30 June 2024.

17. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 SGD'000	2023 SGD'000
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 OCI as the Group considers these investments to be strategic in nature. Fair values of these equity shares are determined by reference to published price quotation in an active market.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

17. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

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

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

During the financial year, 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.

18. DEFERRED TAX ASSETS

	2024 SGD'000	2023 SGD'000
Balance as at 1 July	–	–
Credit to profit or loss	<u>1,562</u>	–
Balance as at 30 June	<u>1,562</u>	–
This is represented by:		
Deferred tax assets on unutilised tax losses and capital allowances	<u>1,409</u>	–
Deferred tax assets on provision	<u>153</u>	–
Balance as at 30 June	<u>1,562</u>	–

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

19. 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)	6,277	19,116
		<hr/>	<hr/>
Total contract assets	(c)	6,277	19,889
		<hr/> <hr/>	<hr/> <hr/>
Trade receivables	20	23,557	19,048
		<hr/> <hr/>	<hr/> <hr/>
Contract liabilities	(d)	(11,505)	(7,932)
		<hr/> <hr/>	<hr/> <hr/>

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	–	773
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

19. CONTRACT BALANCES (Continued)

Notes: (Continued)

- (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 SGD'000	2023 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><u>6,277</u></u>	<u><u>19,889</u></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 SGD'000	2023 SGD'000
Within one year	6,277	17,750
More than one year	<u>–</u>	<u>1,366</u>
Total other contract assets	<u><u>6,277</u></u>	<u><u>19,116</u></u>

- (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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

19. CONTRACT BALANCES (Continued)

Notes: (Continued)

- (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 SGD'000	2023 SGD'000
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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

20. 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. 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	2023
	SGD'000	SGD'000
Within one month	7,146	6,697
1 to 2 months	547	2,858
2 to 3 months	6	41
Over 3 months	6	5
	<hr/>	<hr/>
	7,705	9,601
Unbilled receivables*	15,852	9,447
	<hr/>	<hr/>
	23,557	19,048
	<hr/> <hr/>	<hr/> <hr/>

* 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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 SGD'000	2023 SGD'000
Prepayments	36	85
Advance payment to subcontractor	–	122
Deposits	848	453
Other receivables	1,443	139
	<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.

22. CASH AND CASH EQUIVALENTS

	2024 SGD'000	2023 SGD'000
Cash and bank balances	4,179	1,905
Time deposits	39,009	24,008
Credit linked notes	997	–
Total cash and bank balances	(a) 44,185	25,913
Less: Pledged deposits	(b) (3,000)	(3,000)
Cash and cash equivalents	<u>41,185</u>	<u>22,913</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong Dollars and United States Dollars amounted to SGD690,000 (2023: SGD967,000) and SGD372,000 (2023: SGD3,000).

Notes:

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

The credit linked notes matured on 19 July 2024 and the Group has received the aggregate principal amount of SGD1,000,000 subsequent to year end.

- (b) Time deposits of SGD3,000,000 (2023: SGD3,000,000) as at 30 June 2024 was pledged to bank as securities for the Group's bank facilities.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

23. TRADE AND OTHER PAYABLES

		2024	2023
		SGD'000	SGD'000
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
		43,043	33,578

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

- (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	2023
	SGD'000	SGD'000
Due within one year	5,464	5,723
Due after one year	6,934	4,298
	12,398	10,021

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

24. PROVISIONS

	Defect liabilities SGD'000	Onerous contracts SGD'000	Total SGD'000
As at 1 July 2023	685	–	685
Additional provision made during the year	185	2,323	2,508
Utilised during the year	(209)	–	(209)
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)
As at 30 June 2024	486	415	901

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.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

25. BORROWINGS

	2024	2023
	SGD'000	SGD'000
Borrowings comprise:		
Hire purchase payables (Note 14(b))	617	20
Bridging loan (a)	1,041	1,976
	<hr/> 1,658	<hr/> 1,996
Portion classified as current liabilities	(1,203)	(1,031)
	<hr/> 455	<hr/> 965
Non-current portion	455	965
Analysed into amounts repayable:		
Within one year	1,203	1,031
In the second year	170	965
In the third to fifth years, inclusive	285	–
	<hr/> 1,658	<hr/> 1,996

Notes:

- (a) The bridging loan is unsecured, bears fixed rate of 2.00% (2023: 2.00%) per annum and is repayable over 5 years by monthly instalments commencing from May 2020.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

26. ISSUED CAPITAL

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

27. RESERVES

(i) The amounts of the Group's reserves and the movements therein for the years ended 30 June 2024 and 2023 are presented in the consolidated statement of changes in equity.

(ii) Foreign currency translation reserve

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

Subsequent to the change in the functional currency of the Company in the previous financial years, the exchange differences arising from the translation of the foreign operation previously recognised in other comprehensive income are not reclassified to profit or loss until the disposal of the operation.

(iii) Fair value reserves

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

During the year ended 30 June 2024, the Group purchased motor vehicles with a total capital value of SGD1,244,000 (2023: Nil) under hire-purchase financing arrangements. Of these amounts, SGD601,000 was paid as down payments and the remaining balances of SGD643,000 was financed by entering into finance lease arrangements.

(b) Changes in liabilities arising from financing activities during the years ended 30 June 2024 and 2023 are as follows:

	2023 SGD'000	Changes from financing activities SGD'000	Non-cash transactions SGD'000	Finance cost SGD'000	2024 SGD'000
Bank loans	1,976	(965)	–	30	1,041
Hire purchase payables	20	(52)	643	6	617
Lease liabilities	1,366	(505)	1,819	114	2,794
	<u>3,362</u>	<u>(1,522)</u>	<u>2,462</u>	<u>150</u>	<u>4,452</u>

	2022 SGD'000	Changes from financing activities SGD'000	Non-cash transactions SGD'000	Finance cost SGD'000	2023 SGD'000
Bank loans	2,977	(1,051)	–	50	1,976
Hire purchase payables	331	(315)	–	4	20
Lease liabilities	1,542	(257)	–	81	1,366
	<u>4,850</u>	<u>(1,623)</u>	<u>–</u>	<u>135</u>	<u>3,362</u>

29. CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no capital commitment (2023: Nil), which were not recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

30. OPERATING LEASE ARRANGEMENT – AS LESSOR

The Group leases its investment properties under operating lease arrangements. These non-cancellable leases have remaining lease terms of between 5 and 13 months. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	2024	2023
	SGD'000	SGD'000
Within one year	397	381
In the second to fifth years, inclusive	19	301
	416	682

31. RELATED PARTY DISCLOSURES

- (a) The Group had no other outstanding balances with related parties as at the end of each financial year.
- (b) During year ended 30 June 2024, certain performance bonds of the Group were guaranteed by either two directors of the Company or corporate guarantee, as set out in Note 19(e).
- (c) The compensation of the key management personnel of the Group is set out below:

	2024	2023
	SGD'000	SGD'000
Directors' fees	260	260
Salaries, allowance and benefits in kind	2,362	1,864
Pension scheme contribution	99	86
	2,721	2,210
Comprising amounts paid to:		
Directors of the Company	2,041	1,648
Other key management personnel	680	562
	2,721	2,210

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

32. FINANCIAL INSTRUMENTS BY CATEGORIES

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

	2024 SGD'000	2023 SGD'000
Financial assets at fair value through other comprehensive income		
Listed equity investments	<u>698</u>	<u>1,034</u>
Financial assets at amortised cost		
Trade receivables	23,557	19,048
Deposits and other receivables	2,291	592
Pledged deposits	3,000	3,000
Cash and cash equivalents	<u>41,185</u>	<u>22,913</u>
Total financial assets measured at amortised cost	<u>70,033</u>	<u>45,553</u>
Financial liabilities at amortised cost		
Trade and other payables	41,912	33,123
Borrowings	1,658	1,996
Lease liabilities	<u>2,794</u>	<u>1,366</u>
Total financial liabilities measured at amortised cost	<u>46,364</u>	<u>36,485</u>

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

(a) Credit risk

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

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

Excessive risk concentration of trade receivables

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

Identified concentrations of credit risks are controlled and managed accordingly. As at 30 June 2024, 45% (2023: 47%) of the Group's trade receivables were due from a major customer.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk

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

Analysis of financial liabilities by remaining contractual maturities

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

	Weighted average effective interest rate %	Carrying amounts SGD'000	1 year or less SGD'000	1 to 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
As at 30 June 2024						
Trade and other payables		41,912	41,912	-	-	41,912
Bank borrowings	2.02	1,041	1,052	-	-	1,052
Hire purchase payables	2.61	617	189	490	-	679
Lease liabilities	5.25	2,794	756	1,288	2,081	4,125
		<u>46,364</u>	<u>43,909</u>	<u>1,778</u>	<u>2,081</u>	<u>47,768</u>
As at 30 June 2023						
Trade and other payables		33,123	33,123	-	-	33,123
Bank borrowings	2.02	1,976	1,052	964	-	2,016
Hire purchase payables	2.20	20	11	11	-	22
Lease liabilities	5.25	1,366	170	336	2,161	2,667
		<u>36,485</u>	<u>34,356</u>	<u>1,311</u>	<u>2,161</u>	<u>37,828</u>

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk

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

Sensitivity analysis for market risk

As the end of the reporting period, if the market price of the quoted equity investments have been 10% higher/lower with all other variables held constant, the Group's fair value reserve would have been SGD70,000 (2023: SGD103,000) higher/lower, arising as a result of an increase/decrease in the fair value of the equity investments measured at fair value through OCI.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 and 2023.

	2024	2023
	SGD'000	SGD'000
Borrowings	1,658	1,996
Lease liabilities	2,794	1,366
Total debt	4,452	3,362
Total equity	39,013	37,422
Gearing ratio	11.4%	9.0%

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

34. STATEMENT OF FINANCIAL POSITION OF COMPANY

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

	2024	2023
	SGD'000	SGD'000
NON-CURRENT ASSET		
Investment in a subsidiary	25,000	25,000
CURRENT ASSETS		
Prepayment	12	13
Amount due from a subsidiary	4,932	5,291
Cash and cash equivalents	1,152	1,429
Total current assets	6,096	6,733
CURRENT LIABILITY		
Other payables and accruals	287	293
Net current assets	5,809	6,440
Net assets	30,809	31,440
EQUITY		
Share capital	1,389	1,389
Share premium	32,978	32,978
Reserve (Note)	(3,558)	(2,927)
	30,809	31,440

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2024

34. STATEMENT OF FINANCIAL POSITION OF COMPANY (Continued)

Note:

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

	Accumulated loss SGD'000	Foreign currency translation reserve SGD'000	Total SGD'000
At 1 July 2022	(2,228)	(114)	(2,342)
Loss for the year	(585)	–	(585)
Total comprehensive loss	(585)	–	(585)
At 30 June 2023 and 1 July 2023	(2,813)	(114)	(2,927)
Loss for the year	(631)	–	(631)
Total comprehensive loss	(631)	–	(631)
At 30 June 2024	(3,444)	(114)	(3,558)

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements for the year ended 30 June 2024 were authorised for issue by the board of directors of the Company on 26 September 2024.

Financial Summary

RESULTS

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows:

	For the year ended 30 June				
	2024 SGD'000	2023 SGD'000	2022 SGD'000	2021 SGD'000	2020 SGD'000
Revenue	133,829	111,435	77,766	90,533	127,492
Cost of sales	(126,093)	(102,828)	(74,008)	(95,710)	(136,665)
Gross profit/(loss)	7,736	8,607	3,758	(5,177)	(9,173)
Profit/(loss) before tax	11	2,390	(382)	(6,205)	(17,503)
Income tax credit/(expense)	1,560	(65)	(9)	–	552
Profit/(loss) for the year	1,571	2,325	(391)	(6,205)	(16,951)
Other comprehensive income/ (loss) for the year	20	82	(20)	(737)	499
Total comprehensive income/ (loss) for the year	1,591	2,407	(411)	(6,942)	(16,452)

ASSETS AND LIABILITIES

	As at 30 June				
	2024 SGD'000	2023 SGD'000	2022 SGD'000	2021 SGD'000	2020 SGD'000
Total assets	98,916	85,293	71,840	86,153	98,869
Total liabilities	(59,903)	(47,871)	(36,825)	(50,727)	(56,501)
	39,013	37,422	35,015	35,426	42,368
Total equity	39,013	37,422	35,015	35,426	42,368