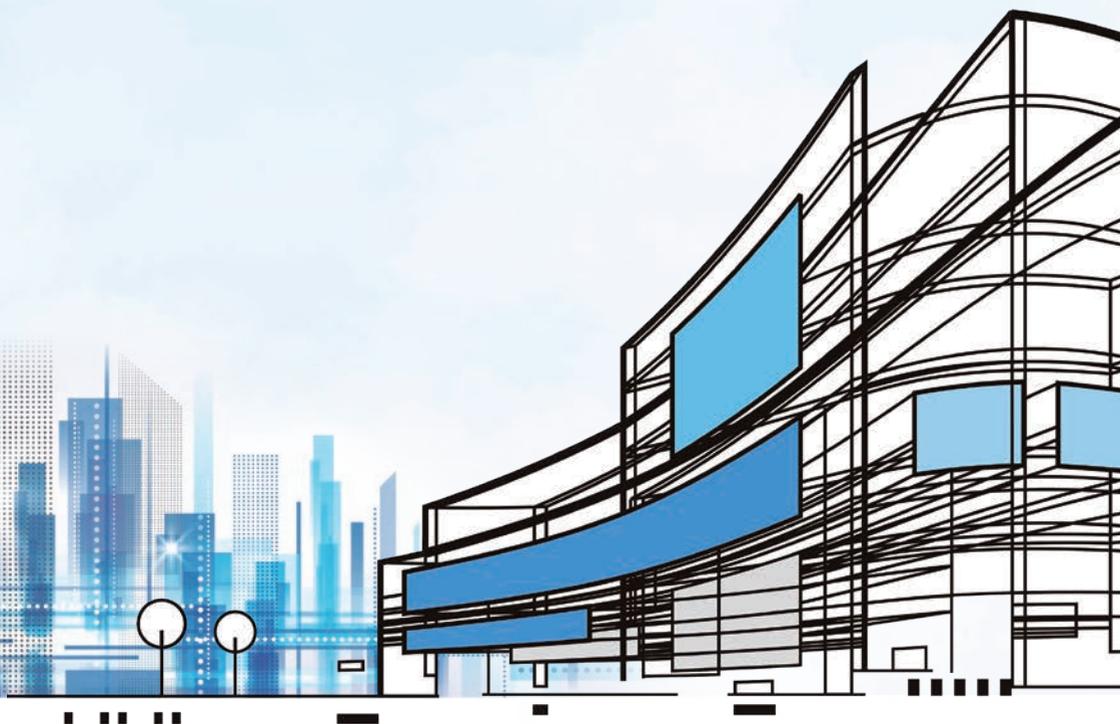


Kwan Yong Holdings Limited

光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9998



2022
INTERIM 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)*
Mr. Kwan Mei Kam
Mr. Lim Ah Lay
Dr. Wu Dongqing
Mr. Fong Heng Boo

Nomination Committee

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

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



CORPORATE INFORMATION

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 502
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8 Fleming Road
Wan Chai
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

TC & Co., Solicitors
Units 2201-2203, 22/F
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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 BANKS

DBS Bank Ltd
Overseas-Chinese Banking Corporation Limited

COMPANY'S WEBSITE

www.kwanyong.com.sg

STOCK CODE

9998



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

For the six months ended 31 December 2022

		Six months ended 31 December	
		2022	2021
		SGD'000	SGD'000
		(Unaudited)	(Unaudited)
Notes			
		53,595	42,922
		(50,628)	(42,682)
		2,967	240
		631	875
		(3,401)	(3,424)
		(72)	(96)
		125	(2,405)
		–	–
		125	(2,405)
		(60)	(50)
		–	20
		(60)	(30)
		65	(2,435)
		0.02	(0.30)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Issued capital SGD'000	Share premium SGD'000	Fair value reserves SGD'000	Foreign currency translation reserves SGD'000	Retained profits SGD'000	Total equity SGD'000
Group						
At 1 July 2022 (Audited)	1,389	32,978	(144)	(114)	906	35,015
Profit for the period	-	-	-	-	125	125
Other comprehensive loss for the period:						
Fair value losses on equity instruments at fair value through other comprehensive income	-	-	(60)	-	-	(60)
Total comprehensive income for the period	-	-	(60)	-	125	65
At 31 December 2022 (Unaudited)	1,389	32,978	(204)*	(114)*	1,031*	35,080

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

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

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Placement of time deposits with original maturity of more than three months when acquired	(2,000)	(1,000)
Withdrawal of time deposits with original maturity of more than three months when acquired	1,000	1,000
Dividend received	12	–
Interest received	93	24
Purchase of items of property, plant and equipment	(321)	(315)
Proceeds from disposal of property, plant and equipment	325	33
Purchase of equity investments	–	(1,096)
	<hr/>	<hr/>
Net cash used in investing activities	(891)	(1,354)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(72)	(96)
Repayment of loans and borrowings	(703)	(1,207)
Payment of lease liabilities for leasehold land	(87)	(83)
	<hr/>	<hr/>
Net cash used in financing activities	(862)	(1,386)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	10,904	(10,150)
Cash and cash equivalents at beginning of the period	13,877	32,260*
Effect of foreign exchange rate changes	–	20
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	24,781	22,130
	<hr/> <hr/>	<hr/> <hr/>



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
Analysis of balances of cash and cash equivalents		
Cash and bank balances other than time deposit	10,781	13,523
Time deposits	19,000	16,199
Less: Pledged deposits	(5,000)	(4,000)
	<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of financial position	24,781	25,722
Less: Bank overdraft	–	(3,592)
	<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of cash flows	24,781	22,130
	<hr/> <hr/>	<hr/> <hr/>

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. CORPORATE INFORMATION

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

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 January 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of general building and construction services in Singapore.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2022.

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

2.2 New standards, interpretations and amendment adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments and interpretations apply for the first time in the financial period ended 31 December 2022 do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In preparing this unaudited interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2022.

4. FINANCIAL RISK MANAGEMENT

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

The unaudited interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2022.

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

5. SEGMENT INFORMATION

Operating segment information

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

5. 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 financial statements.

Six months ended 31 December 2022

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

5. SEGMENT INFORMATION *(Continued)*

Operating segment information *(Continued)*

Six months ended 31 December 2021

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

Geographical information

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

6. REVENUE

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

Disaggregated revenue information

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

	Six months ended 31 December	
	2022	2021
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
By geographical market		
Singapore	<u>53,595</u>	<u>42,922</u>
By revenue stream		
General building and construction	<u>53,277</u>	<u>42,922</u>
Rental of dormitory	<u>318</u>	<u>-</u>
	<u>53,595</u>	<u>42,922</u>
By timing of revenue recognitions		
Over time	<u>53,595</u>	<u>42,922</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

7. OTHER INCOME AND GAIN

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

Note: Government grants were received by a subsidiary from various government authorities in Singapore for employment incentives, productivity improvement and novel coronavirus (“COVID-19”) related grants and rebates. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.

Included in government grants are COVID-19 related grants and rebates approximately SGD122,000 (six months ended 31 December 2021: approximately SGD402,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

8. FINANCE COSTS

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

9. PROFIT/(LOSS) BEFORE TAX

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

9. PROFIT/(LOSS) BEFORE TAX *(Continued)*

Notes:

- (a) Depreciation for the six months ended 31 December 2022 comprise depreciation of property, plant and equipment of approximately SGD1,051,000 (six months ended 31 December 2021: approximately SGD1,060,000) and depreciation of right-of-use assets of approximately SGD95,000 (six months ended 31 December 2021: approximately SGD95,000).
- (b) The Group leases certain of its leasehold properties, warehouse premises and workers' quarters with either lease terms of 12 months or less or with low value. The Group applied the "short-term lease" and "lease of low-value assets" recognition exemption for these leases.

10. INCOME TAX EXPENSE

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

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

11. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

12. EARNINGS PER SHARE

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

No adjustment has been made to the basic earnings per share presented for the six months ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each these periods.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired assets with a cost of approximately SGD321,000 (six months ended 31 December 2021: approximately SGD776,000).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

15. TRADE AND OTHER RECEIVABLES

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

* Amount less than SGD 1,000

Trade receivables are non-interest bearing and are generally on a 30-day term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

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

Included in other receivables are purchases made on behalf of subcontractors amounted to approximately SGD70,000 (30 June 2022: approximately SGD70,000). The amount is unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (Continued)

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

	31 December 2022 SGD'000 (Unaudited)	30 June 2022 SGD'000 (Audited)
– Within one month	6,616	5,155
– 1 to 2 months	1,503	1,037
– 2 to 3 months	9	–
– Over 3 months	13	6
	8,141	6,198

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

The Group applies the simplified approach to provide for expected credit losses (“ECL”) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has assessed the impairment of its trade receivables on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company (the “Directors”), have no significant increase in credit risk during the periods. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and loss on collection is not material, no ECL was made for trade receivables as at 31 December 2022 and 30 June 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

16. CONTRACT BALANCES

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

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

Notes:

- (a) Retention receivable held by contract customers arose from the Group's construction work business and are settled a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts.
- (b) Other contract assets primarily relate to the Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers as at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.
- (c) The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the Directors, have no significant increase in credit risk during the periods. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 31 December 2022 and 30 June 2022.
- (d) Contract liabilities are the Group's obligations to transfer goods and services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue when the Group performs under contract.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

16. CONTRACT BALANCES (Continued)

Notes: (Continued)

- (e) As at 31 December 2022 and 30 June 2022, performance bonds amounting to approximately SGD21,052,000, respectively, were issued by an insurance company as security deposits in lieu of cash to customers of the Group for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the insurance company to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance company accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds are secured either by way of personal guarantees given by two Directors or corporate guarantee.

17. TRADE AND OTHER PAYABLES

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

17. TRADE AND OTHER PAYABLES (Continued)

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

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

18. SHARE CAPITAL

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At the end of each 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 liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments. 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.

During the periods ended 31 December 2022 and 30 June 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial instruments.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information for the six-month period ended 31 December 2022 were approved and authorised for issue by the board of Directors (the “**Board**”) of the Company on 23 February 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

OUTLOOK

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The Group’s focus as a building contractor will remain unchanged – To be a leading main contractor in public and private sector projects. The Group will exercise cautious optimism as it moves forward to position itself as a strong and resilient company. The Group believes that continued investments to enhance the Group’s workforce and adopt new building technologies to support improved productivity for construction projects will strengthen our competitive edge in the tender and delivery of new construction projects.

FINANCIAL REVIEW

Revenue

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

Cost of sales

Cost of sales for the six months ended 31 December 2022 was approximately SGD50.6 million, representing an increase of approximately SGD7.9 million or approximately 18.5%, from approximately SGD42.7 million for the six months ended 31 December 2021. The increase was mainly driven by more construction activities which is in line with the increase in revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Gross profit increased by approximately SGD2.7 million from approximately SGD0.3 million for the six months ended 31 December 2021 to approximately SGD3.0 million for the six months ended 31 December 2022, and the gross profit margin increased to approximately 5.5% for the six months ended 31 December 2022 from gross profit margin of approximately 0.6% for the six months ended 31 December 2021. The increase in gross profit and gross profit margin was mainly due to the resumption of construction works as compared to the previous period which resulted in improvement of the gross profit margin.

Other income and gain

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

Finance costs

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

Income tax expense

There was no income tax expense incurred as the Group did not record any assessable profits for the six months ended 31 December 2022 and 31 December 2021.

Profit/(loss) for the period

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



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

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

GEARING RATIO

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

CONTINGENT LIABILITIES

As at 31 December 2022 and 30 June 2022, the Group did not have any material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

COMMITMENTS

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

As at 31 December 2022, the Group had no capital commitment and lease commitment (30 June 2022: Nil).

TREASURY POLICIES

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

FOREIGN CURRENCY RISK

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The Singapore Government expects that headline inflation will remain high in Singapore. The global economy outlook is mixed and uneven. Although a worldwide recession is not likely, there is a possibility that the United States and the European Union economies could decline and tip the world into recession. In addition, the prolonged Russia-Ukraine war may also escalate and disrupt global trade.

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

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

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

INTERIM DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 355 employees (31 December 2021: 382 employees). Total staff costs for the six months ended 31 December 2022 amounted to approximately SGD5.2 million (six months ended 31 December 2021: approximately SGD5.6 million). Salaries and benefits of the Group's employees have been kept at a market level and employees were rewarded on a performance-related basis. Remuneration package is reviewed annually. Staff benefits included contribution to mandatory contribution fund, allowance and performance-based bonus.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event after the six months ended 31 December 2022 and up to the date of this interim report.

SEGMENT INFORMATION

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

CHARGES ON GROUP ASSETS

The borrowings as at 31 December 2022 was secured against the building with net carrying amount of approximately SGD11.4 million (30 June 2022: approximately SGD11.6 million). As at 31 December 2022, the Group has pledged time deposits of SGD5.0 million (30 June 2022: approximately SGD4.0 million) to banks as a security for the Group's bank overdraft facilities.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

Business strategies as stated in the Prospectus	Business objectives up to 31 December 2022 as stated in the Prospectus	Actual business progress up to 31 December 2022
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance the productivity and quality	To acquire equipment, machinery and motor vehicle	The Group has utilised approximately HKD24.7 million to acquire gantry crane, turnstiles & containers, scissors lift and boom lift equipment, motor vehicles and other construction equipment and machinery.



MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus

Strengthen the Group's financial capabilities to undertake new construction and A&A projects of larger contract value

Strengthen the technical capability and productivity through investment in new construction technology

Business objectives up to 31 December 2022 as stated in the Prospectus

Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency

To hire new staff with Building Information Modelling ("**BIM**") and Virtual Design and Construction ("**VDC**") experience

To hire new staff who includes design engineers and Prefabricated Prefinished Volumetric Construction ("**PPVC**") consultants

Upgrade BIM version

Recurring costs for the BIM and other relevant software

Actual business progress up to 31 December 2022

The Group has utilised approximately HKD20.9 million for the new residential building construction project granted by the Singapore Government Agency.

The Group has utilised approximately HKD13.6 million to hire skilled workforce and invest in operational digitalisation technologies. The Group will continue to evaluate and implement new technologies to digitalise processes and improve overall productivity and efficiency for future growth.



MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 31 December 2022 as stated in the Prospectus	Actual business progress up to 31 December 2022
	Construct a precast production site close to the Group's headquarters in the Tuas area in Singapore	The Group has utilised approximately HKD21.6 million to obtain temporary licenses for the use of state land for precast production, to construct and operate a temporary dormitory which also allows the storage of materials which include finished precast components.
Enhance and expand the workforce to cope with the business expansion	To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	The Group has utilised approximately HKD7.6 million to enhance and support the workforce.

USE OF NET PROCEEDS FROM LISTING

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

OTHER INFORMATION

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

As at 31 December 2022, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures 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 for Securities Transactions by the Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

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 is 100% owned by Mr. Kwan Mei Kam and Ms. Tay Yen Hua in equal shares. Therefore, Mr. Kwan Mei Kam and Ms. Tay Yen Hua 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 31 December 2022, none of the Directors or chief executive of the Company had any interest 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 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.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors or chief executives of the Company, as at 31 December 2022, 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 members of the Group:

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 31 December 2022, 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 THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2022.



OTHER INFORMATION

COMPETITION AND CONFLICT OF INTEREST

During the six months ended 31 December 2022, none of the Directors or the controlling shareholders of the Company (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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Non-Competition Undertaking

In order to avoid any potential competition arising between the Group and the Controlling Shareholders, Mr. Kwan Mei Kam, Ms. Tay Yen Hua and Ideal Smart (each a “**Covenantor**” and collectively the “**Covenantors**”) have entered into the 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.



OTHER INFORMATION

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regulating securities transactions by directors. Having made specific enquiry, all Directors confirmed that they had fully complied with the required standards set out in the Model Code and there is no event of non-compliance during the six months ended 31 December 2022 and up to the date of this interim 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. 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.



OTHER INFORMATION

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.



OTHER INFORMATION

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.

For the six months ended 31 December 2022, no share option has been granted, exercised, expired, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.



OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 31 December 2022 up to the date of this interim report with the exception of code provision C.2.1 as explained below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan Mei Kam is the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company. In view of the fact that Mr. Kwan Mei Kam is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Mr. Kwan Mei Kam taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

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



OTHER INFORMATION

AUDIT COMMITTEE

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

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

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

The Group’s interim condensed consolidated financial statements for the six months ended 31 December 2022 have not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the interim condensed consolidated financial statements of the Group for the six months ended 31 December 2022 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Singapore, 23 February 2023