

# 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

## INTERIM REPORT





## CONTENTS

CORPORATE INFORMATION	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
MANAGEMENT DISCUSSION AND ANALYSIS	24
OTHER INFORMATION	32



# 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

### Independent non-executive Directors

Mr. Lim Ah Lay  
*(redesignated on 10 October 2024)*  
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  
Mr. Lim An Lay  
*(appointed on 19 December 2024)*

## 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 907  
Tai Yau Building  
181 Johnston Road  
Wanchai  
Hong Kong

## 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 BANKS

Overseas-Chinese Banking Corporation Limited

## COMPANY'S WEBSITE

[www.kwanyong.com.sg](http://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 2024

		Six months ended 31 December	
	Note	2024 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)
<b>Revenue</b>	6	<b>105,900</b>	64,653
Cost of sales		<u>(99,532)</u>	<u>(61,510)</u>
<b>Gross profit</b>		<b>6,368</b>	3,143
Other income and gain	7	<b>1,120</b>	978
Administrative expenses		<b>(5,425)</b>	(3,853)
Finance costs	8	<u><b>(94)</b></u>	<u>(56)</u>
<b>Profit before tax</b>	9	<b>1,969</b>	212
Income tax credit	10	<u><b>7</b></u>	<u>—</u>
<b>Profit for the period attributable to shareholders of the Company</b>		<u><b>1,976</b></u>	<u>212</u>
<b>Other comprehensive income</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity investments at fair value through other comprehensive income		<u><b>38</b></u>	<u>42</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>38</b></u>	<u>42</u>
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>		<u><u><b>2,014</b></u></u>	<u><u>254</u></u>
<b>Basic and diluted earnings per share (cents)</b>	12	<u><u><b>0.25</b></u></u>	<u><u>0.03</u></u>

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 2024

	Note	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	18,402	18,531
Investment properties		1,764	1,779
Equity investments at fair value through other comprehensive income	14	34	698
Deferred tax assets		1,562	1,562
Total non-current assets		21,762	22,570
<b>Current assets</b>			
Contract assets	16	1,019	6,277
Trade receivables	15	37,564	23,557
Prepayments, deposits and other receivables	15	1,883	2,327
Pledged deposits		7,000	3,000
Cash and cash equivalents		66,651	41,185
Total current assets		114,117	76,346
<b>Total assets</b>		<b>135,879</b>	<b>98,916</b>
<b>Current liabilities</b>			
Contract liabilities	16	27,839	11,505
Trade and other payables	17	62,751	43,043
Provisions		528	901
Borrowings		698	1,203
Lease liabilities		643	627
Tax payable		—	2
Total current liabilities		92,459	57,281
<b>Net current assets</b>		<b>21,658</b>	<b>19,065</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings		552	455
Lease liabilities		1,841	2,167
Total non-current liabilities		2,393	2,622
<b>Total liabilities</b>		94,852	59,903
<b>Net assets</b>		41,027	39,013
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	18	1,389	1,389
Share premium		32,978	32,978
Reserves		6,660	4,646
<b>Total equity</b>		41,027	39,013

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 2024

	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
<b>At 1 July 2024 (Audited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(42)*</b>	<b>(114)*</b>	<b>4,802*</b>	<b>39,013</b>
Profit for the period	-	-	-	-	1,976	1,976
Other comprehensive income for the period:						
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	38	-	-	38
Total comprehensive income for the period	-	-	38	-	1,976	2,014
<b>At 31 December 2024 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(4)*</b>	<b>(114)*</b>	<b>6,778*</b>	<b>41,027</b>

	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
<b>At 1 July 2023 (Audited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(62)</b>	<b>(114)</b>	<b>3,231</b>	<b>37,422</b>
Profit for the period	-	-	-	-	212	212
Other comprehensive income for the period:						
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	42	-	-	42
Total comprehensive income for the period	-	-	42	-	212	254
<b>At 31 December 2023 (Unaudited)</b>	<b>1,389</b>	<b>32,978</b>	<b>(20)*</b>	<b>(114)*</b>	<b>3,443*</b>	<b>37,676</b>

\* The reserve in the interim condensed consolidated statement of financial position as at 31 December 2024 comprised of fair value loss of SGD4,000 (six months ended 31 December 2023: SGD20,000), foreign currency translation loss of SGD114,000 (six months ended 31 December 2023: SGD114,000) and retained profits of SGD6,778,000 (six months ended 31 December 2023: SGD3,443,000).

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



# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit before tax	1,969	212
Adjustments for:		
Depreciation of property, plant and equipment	1,228	1,170
Depreciation of investment properties	15	15
Bank interest income	(520)	(499)
Dividend income	(9)	(13)
Gain on disposal of property, plant and equipment	(89)	(126)
Gain on disposal of equity investments	(144)	–
Finance costs	94	56
Provisions for defect liabilities	(4)	(32)
Provision for onerous contracts	(369)	(472)
<b>Operating cash flows before changes in working capital</b>	<b>2,171</b>	<b>311</b>
Changes in working capital:		
Decrease in contract assets	5,258	3,007
Increase in contract liabilities	16,334	2,029
(Increase)/decrease in trade and other receivables	(13,563)	304
Increase in trade and other payables	19,708	10,252
<b>Cash generated from operations</b>	<b>29,908</b>	<b>15,903</b>
Income tax refund/(paid)	5	(15)
<b>Net cash generated from operating activities</b>	<b>29,913</b>	<b>15,888</b>
<b>Cash flows from investing activities</b>		
Increase in pledged deposits	(4,000)	–
Dividend received	9	13
Proceed from disposal of equity instrument	846	–
Interest received	520	499
Purchase of items of property, plant and equipment	(860)	(505)
Proceeds from disposal of property, plant and equipment	150	143

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,335)</b>	<b>150</b>
<b>Cash flows from financing activities</b>		
Interest paid	(94)	(56)
Repayment of loans and borrowings	(708)	(513)
Payment of lease liabilities for leasehold land	(310)	(89)
<b>Net cash used in financing activities</b>	<b>(1,112)</b>	<b>(658)</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,466</b>	<b>15,380</b>
Cash and cash equivalents at beginning of the period	<b>41,185</b>	<b>22,913</b>
<b>Cash and cash equivalents at end of the period</b>	<b>66,651</b>	<b>38,293</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances other than time deposit	17,651	6,285
Time deposits	56,000	35,008
Less: Pledged deposits	(7,000)	(3,000)
<b>Cash and cash equivalents as stated in the consolidated statement of cash flows</b>	<b>66,651</b>	<b>38,293</b>

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 2024

## 1. CORPORATE INFORMATION

Kwan Yong Holdings Limited (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 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 and ultimate holding company of the Company.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2024 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 2024.

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 2024, except for the adoption of new standards effective as of 1 July 2024. 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 2024 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 2024

### 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 2024.

### 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 2024.

There have been no changes in the financial risk management policies of the Group since the financial year ended 30 June 2024.

### 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 2024

## 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 2024

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
<b>Revenue</b>				
External customers	<u>105,343</u>	<u>557</u>	<u>–</u>	<u>105,900</u>
<b>Segment results</b>	<u>2,048</u>	<u>270</u>	<u>(342)</u>	<u>1,976</u>
<b>Segment assets</b>	<u>134,278</u>	<u>611</u>	<u>990</u>	<u>135,879</u>
<b>Segment liabilities</b>	<u>94,616</u>	<u>138</u>	<u>98</u>	<u>94,852</u>
<b>Other Segment information</b>				
Interest income	520	–	–	520
Finance cost	94	–	–	94
Depreciation of property, plant and equipment	1,228	–	–	1,228
Depreciation of investment properties	<u>15</u>	<u>–</u>	<u>–</u>	<u>15</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 5. SEGMENT INFORMATION *(Continued)*

### Operating segment information *(Continued)*

Six months ended 31 December 2023

	Construction SGD'000	Property SGD'000	Corporate SGD'000	Total SGD'000
<b>Revenue</b>				
External customers	<u>64,341</u>	<u>312</u>	<u>–</u>	<u>64,653</u>
<b>Segment results</b>	<u>256</u>	<u>302</u>	<u>(346)</u>	<u>212</u>
<b>Segment assets</b>	<u>95,021</u>	<u>398</u>	<u>1,288</u>	<u>96,707</u>
<b>Segment liabilities</b>	<u>58,826</u>	<u>50</u>	<u>155</u>	<u>59,031</u>
<b>Other Segment information</b>				
Interest income	499	–	–	499
Finance cost	56	–	–	56
Depreciation of property, plant and equipment	1,170	–	–	1,170
Depreciation of investment properties	<u>15</u>	<u>–</u>	<u>–</u>	<u>15</u>

### Geographical information

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 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	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>By revenue stream</b>		
General building and construction	105,343	64,341
Rental of dormitory	557	312
	<u>105,900</u>	<u>64,653</u>
<b>By timing of revenue recognitions</b>		
Over time	<u>105,900</u>	<u>64,653</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 7. OTHER INCOME AND GAIN

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Government grants (Note)	66	83
Bank interest income	520	499
Rental income	292	257
Dividend income from equity investments	9	13
	<u>887</u>	<u>852</u>
<b>Gain</b>		
Gain arising on disposal of property, plant and equipment	89	126
Gain on disposal of equity investments	144	—
	<u>1,120</u>	<u>978</u>

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

Included in government grants are COVID-19 related grants and rebates SGD39,000 (six months ended 31 December 2023: SGD61,000).

## 8. FINANCE COSTS

	Six months ended 31 December	
	2024	2023
	SGD'000	SGD'000
	(Unaudited)	(Unaudited)
<b>Interest on:</b>		
Bank loans	7	18
Hire purchases	18	—*
Lease liabilities	69	38
	<u>94</u>	<u>56</u>

\* Amount less than SGD 1,000



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Six months ended 31 December	
	2024 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)
Cost of construction work	99,532	61,510
Depreciation (Note (a))	1,228	1,170
Less: Amount included in cost of construction work	(981)	(844)
	<u>247</u>	<u>326</u>
Depreciation of investment properties	15	15
Expenses relating to short-term leases and leases of low-value assets (Note (b))	46	42
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	31	17
Employee benefit expense (excluding Directors' remuneration):		
Salaries, allowances and benefits-in-kind	8,486	5,943
Pension scheme contributions (excluding Directors' pension scheme contributions)	380	318
	<u>8,866</u>	<u>6,261</u>
Less: Amount included in cost of construction work	<u>(5,668)</u>	<u>(4,776)</u>
	<u><u>3,198</u></u>	<u><u>1,485</u></u>

Notes:

- Depreciation for the six months ended 31 December 2024 comprise depreciation of property, plant and equipment of SGD897,000 (six months ended 31 December 2023: SGD1,075,000) and depreciation of right-of-use assets of SGD331,000 (six months ended 31 December 2023: SGD95,000).
- 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.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 10. INCOME TAX CREDIT

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

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 2024 (six months ended 31 December 2023: Nil).

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2024 is based on the unaudited profit for the period attributable to shareholders of the Company of SGD1,976,000 (unaudited profit for the six months ended 31 December 2023: SGD212,000), and the weighted average number of ordinary shares in issue of 800,000,000 (six months ended 31 December 2023: 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 2024 and 2023 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 2024, the Group acquired assets with a cost of SGD861,000 (six months ended 31 December 2023: SGD505,000).

Assets with net carrying amount of SGD61,000 (six months ended 31 December 2023: SGD17,000) were disposed by the Group during the six months ended 31 December 2024, resulting in a net gain of disposal of SGD89,000 (six months ended 31 December 2023: SGD126,000).

## 14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 15. TRADE AND OTHER RECEIVABLES

	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
<b>Trade receivables</b>		
Trade receivables	12,941	7,705
Unbilled receivables	24,623	15,852
	<u>37,564</u>	<u>23,557</u>
<b>Prepayments, deposits and other receivables</b>		
Prepayments	49	36
Deposits	887	848
Other receivables	947	1,443
	<u>1,883</u>	<u>2,327</u>

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.

Included in other receivables are purchases made on behalf of subcontractors amounted to SGD943,000 (30 June 2024: SGD1,221,000). 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 2024

## 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:

	<b>31 December 2024 SGD'000 (Unaudited)</b>	<b>30 June 2024 SGD'000 (Audited)</b>
– Within one month	<b>12,825</b>	7,146
– 1 to 2 months	<b>75</b>	547
– 2 to 3 months	<b>35</b>	6
– Over 3 months	<b>6</b>	6
	<b><u>12,941</u></b>	<b><u>7,705</u></b>

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, 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 2024 and 30 June 2024.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 16. CONTRACT BALANCES

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

	<b>31 December 2024 SGD'000 (Unaudited)</b>	<b>30 June 2024 SGD'000 (Audited)</b>
Contract assets	<b>1,019</b>	<b>6,277</b>
Contract liabilities	<b>(27,839)</b>	<b>(11,505)</b>

Notes:

- 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 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 of the Company, 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 2024 and 30 June 2024.
- 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.
- As at 31 December 2024 and 30 June 2024, performance bonds amounting to SGD42,962,000 and SGD33,822,000, 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 of the Company or corporate guarantee.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 17. TRADE AND OTHER PAYABLES

	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
Trade payables	15,964	5,060
Accrued subcontractor costs	27,817	22,862
Accrued operating expenses	1,942	1,466
Retention payables	15,086	12,398
Deposit received	228	126
GST payable	1,714	1,131
	<u>62,751</u>	<u>43,043</u>

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

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

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

	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
– Within one month	10,586	4,429
– 1 to 2 months	5,150	201
– 2 to 3 months	201	247
– Over 3 months	27	183
	<u>15,964</u>	<u>5,060</u>

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

## 17. TRADE AND OTHER PAYABLES (Continued)

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

	31 December 2024 SGD'000 (Unaudited)	30 June 2024 SGD'000 (Audited)
Due within one year	4,227	5,464
Due after one year	10,859	6,934
	<u>15,086</u>	<u>12,398</u>

## 18. SHARE CAPITAL

	31 December 2024		30 June 2024	
	Number of shares '000	Share capital HKD'000	Number of shares '000	Share capital HKD'000
<i>Authorised:</i>				
Ordinary shares of HKD0.01 each	<u>15,000,000</u>	<u>150,000</u>	<u>15,000,000</u>	<u>150,000</u>

	31 December 2024		30 June 2024	
	Number of shares '000	Share capital SGD'000	Number of shares '000	Share capital SGD'000
<i>Issued and fully paid:</i>				
Ordinary shares of HKD0.01 each	<u>800,000</u>	<u>1,389</u>	<u>800,000</u>	<u>1,389</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

### 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 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 2024 and 30 June 2024, 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 2024 were approved and authorised for issue by the board of Directors (the “Board”) of the Company on 28 February 2025.





# 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 its quality of work, especially in building construction works for the public sector.

As at 31 December 2024, the Group had 8 (30 June 2024: 7) construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD810.8 million (30 June 2024: approximately SGD609.8 million).

## OUTLOOK

According to the announcement of the Ministry of Trade and Industry (the “**MTI**”) published on 14 February 2025, Singapore’s economy expanded by 5.0 per cent on a year-on-year basis in the fourth quarter of 2024, moderating from the 5.7 per cent growth in the previous quarter. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.5 per cent, slower than the 3.0 per cent expansion in the previous quarter. Growth in the construction sector came in at 4.4 per cent year-on-year, following the 5.6 per cent growth in the third quarter, on account of expansions in both public and private sector construction output. On a quarter-on-quarter seasonally adjusted basis, the sector grew by 0.3 per cent, moderating from the 1.9 per cent expansion in the previous quarter. For the whole of 2024, the sector expanded by 4.5 per cent, extending the 5.8 per cent expansion in 2023. 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, ongoing trade frictions among major economies, alongside lingering risks of escalation in geopolitical conflicts, could lead to higher production costs, as well as greater global economic policy uncertainty. These could in turn dampen global investment and trade and weigh on global growth. Second, disruptions to the global disinflation process could lead to tighter financial conditions for longer, potentially triggering latent vulnerabilities in banking and financial systems. The MTI maintains that the GDP growth forecast for 2025 is “1.0 to 3.0 per cent”.



## MANAGEMENT DISCUSSION AND ANALYSIS

On 25 January 2025, the Monetary Authority of Singapore (the “**MAS**”) announced that Singapore’s economic growth is expected to slowdown this year after a strong performance in the second half of 2024. For 2025, the overall output is projected to align closely with the economy’s potential. Meanwhile, MAS Core Inflation has moderated faster than anticipated and is expected to remain below 2% throughout the year, reflecting a return to stable and low underlying price pressures. As a result, MAS will slightly reduce the slope of the S\$NEER policy band while keeping the width of the band and its central level unchanged. This measured adjustment supports a modest and gradual appreciation path for the S\$NEER policy band, ensuring medium-term price stability. MAS will continue to monitor global and domestic economic developments and remain vigilant to potential risks affecting inflation and growth.

The Building and Construction Authority (the “**BCA**”) announced on 23 January 2025 that the total construction demand in 2025 is expected to range between SGD47 billion and SGD53 billion, in nominal terms, which is between 0.3% to 11.7% higher than pre-COVID levels in 2019. The strong demand is underpinned by the expected award of contracts for several large-scale developments, such as the Changi Airport Terminal 5 (T5) and the expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. Other contributors include high-specification industrial buildings, educational developments, healthcare facilities, Mechanical and Engineering contracts for the Thomson-East Coast Line Extension (TEL) and Cross Island Line (CRL), and infrastructure works for the Woodlands Checkpoint extension and the Tuas Port.

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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 31 December 2024 was SGD105.9 million, representing an increase of SGD41.2 million or 63.7% as compared to that of SGD64.7 million for the six months ended 31 December 2023. The increase in revenue was mainly driven by more construction projects engaged for the six months ended 31 December 2024 as compared to those for the previous period.

### Cost of sales

Cost of sales for the six months ended 31 December 2024 was SGD99.5 million, representing an increase of SGD38.0 million or 61.8%, from SGD61.5 million for the six months ended 31 December 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 increased by SGD3.3 million from SGD3.1 million for the six months ended 31 December 2023 to SGD6.4 million for the six months ended 31 December 2024, and the gross profit margin increased to 6.0% for the six months ended 31 December 2024 from gross profit margin of 4.9% for the six months ended 31 December 2023. The increase in gross profit and gross profit margin was mainly due to more stable profit margins from newly awarded projects.

### Other income and gain

Other income and gain increased by SGD0.1 million from SGD1.0 million for the six months ended 31 December 2023 to SGD1.1 million for the six months ended 31 December 2024. The increase was mainly due to gain on disposal of equity investments as compared to that for the previous period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance costs

The Group's finance costs increased by SGD38,000 from SGD56,000 for the six months ended 31 December 2023 to SGD94,000 for the six months ended 31 December 2024. The increase was mainly due to an increase in hire purchases and lease arrangement during the six months ended 31 December 2024 as compared to that for the previous period.

## 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 2024 and 31 December 2023.

## Profit for the period

As a result of the above factors, the Group recorded a profit of SGD2.0 million for the six months ended 31 December 2024 as compared to a profit of SGD0.2 million for the six months ended 31 December 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 31 December 2024 amounted to SGD66.7 million (30 June 2024: SGD41.2 million) which were denominated in Hong Kong dollars and Singapore dollars.

As at 31 December 2024, the Group's indebtedness comprised borrowings and lease liabilities denominated in Singapore dollars of SGD3.7 million (30 June 2024: SGD4.5 million).

The Group recorded total current assets of SGD114.1 million as at 31 December 2024 (30 June 2024: SGD76.3 million) and total current liabilities of SGD92.5 million as at 31 December 2024 (30 June 2024: SGD57.3 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 1.2 as at 31 December 2024 (30 June 2024: 1.3).

The Group's total equity attributable to owners of the Company remained stable at SGD41.0 million as at 31 December 2024 (30 June 2024: SGD39.0 million).



# MANAGEMENT DISCUSSION AND ANALYSIS

## GEARING RATIO

As at 31 December 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 9.0% (30 June 2024: 11.5%).

## CONTINGENT LIABILITIES

As at 31 December 2024 and 30 June 2024, the Group did not have any material contingent liabilities.

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

During the six months ended 31 December 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 31 December 2024.

## CAPITAL COMMITMENTS

As at 31 December 2024, the Group had no capital commitment (30 June 2024: 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN CURRENCY RISK

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

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

## PROSPECTS

The Singapore Government has forecast slower economic growth for the year ahead, citing downside risks from escalating geopolitical conflicts and increased uncertainty over U.S. trade policies under President Donald Trump. Ongoing trade frictions among major economies, coupled with lingering geopolitical tensions, could contribute to rising production costs. Additionally, greater global economic policy uncertainty may dampen investment and trade, potentially weighing on global growth.

On 23 January 2025, the Building and Construction Authority (the “BCA”) projected that the total value of construction contracts could reach SGD53 billion in nominal terms, reflecting an almost 20% increase from the SGD44.2 billion recorded in 2024. This anticipated surge in construction demand is expected to exert additional pressure on manpower and resources within the industry. Talent attraction remains a critical challenge for construction firms, particularly in securing skilled and unskilled labour. The difficulty in recruiting and retaining skilled workers continues to pose a major constraint on project execution.

Without better planning and collaboration among stakeholders, issues such as workforce poaching could intensify in 2025, potentially squeezing profit margins. Developers, consultants, and builders will need to work more closely together to navigate these challenges effectively and capitalize on emerging opportunities in the sector.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group anticipates that industry consolidation and supply chain constraints will remain key challenges in the coming year. Changing economic conditions will play a crucial role in shaping the construction landscape in 2025. The Group remains vigilant in monitoring trade policy developments, particularly the recent increase in tariff rates on key strategic materials such as steel and aluminium, which could significantly impact project costs and delivery timelines.

Additionally, the Group recognizes the increasing adoption of emerging technologies in the sector. As job sites become more interconnected and data-driven, digitalization will be a critical enabler in enhancing project efficiency, optimizing resource allocation, and improving overall decision-making. The Group remains committed to leveraging technological advancements to drive innovation and enhance competitiveness in the evolving construction industry.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 504 employees (31 December 2023: 459 employees). Total staff costs for the six months ended 31 December 2024 amounted to approximately SGD9.4 million (six months ended 31 December 2023: approximately SGD6.3 million). Salaries and benefits of the Group's employees have been kept at a market level and employees were rewarded on a performance-related basis. Remuneration package is reviewed annually. Staff benefits included contribution to mandatory contribution fund, allowance and performance-based bonus.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event after the six months ended 31 December 2024 and up to the date of this interim report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 bank facilities as at 31 December 2024 was secured against the pledged time deposits of SGD7.0 million (30 June 2024: approximately SGD3.0 million).



## OTHER INFORMATION

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

As at 31 December 2024, 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 2024, 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 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 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 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 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 2024.



## OTHER INFORMATION

### COMPETITION AND CONFLICT OF INTEREST

During the six months ended 31 December 2024, 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.

The Covenantors have confirmed to the Company that from the effective date of the Deed of Non-Competition and up to the date of this interim report, they and their respective associates (as defined in the Listing Rules) have complied with the undertakings contained in the Deed of Non-completion.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 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 2024 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. As at the date of this interim report, the Share Option Scheme had a remaining life of approximately 4 years and 10 months.

As at 1 July 2024 and 31 December 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 7 December 2019, the date of adoption of the Share Option Scheme.

For the six months ended 31 December 2024 and up to the date of this interim report, no share option has been granted, exercised, expired, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme. Therefore, 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) is not available.



## 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 C1 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 31 December 2024 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. 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.

Ms. Tay Yen Hua is the spouse and Ms. Kwan Shu Ming is the daughter of Mr. Kwan Mei Kam. Save as disclosed above, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between board members and in particular, between the chairman and the chief executives.

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 provision 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

### UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors since the date of the annual report 2024 of the Company are set out below:

On 10 October 2024, Mr. Lim Ah Lay, the then non-executive Director, has been re-designated as an independent non-executive Director. On 19 December 2024, Mr. Lim Ah Lay was appointed as a member of the nomination committee of the Company. He is currently a member of the audit committee, the nomination committee and the remuneration committee of the Company.

Save as disclosed above, there are no other changes in the Director's information required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and (g) of the Listing Rules from the date of the last annual report to this interim report.

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

The 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.





## OTHER INFORMATION

The Group's interim condensed consolidated financial statements for the six months ended 31 December 2024 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 2024 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, 28 February 2025