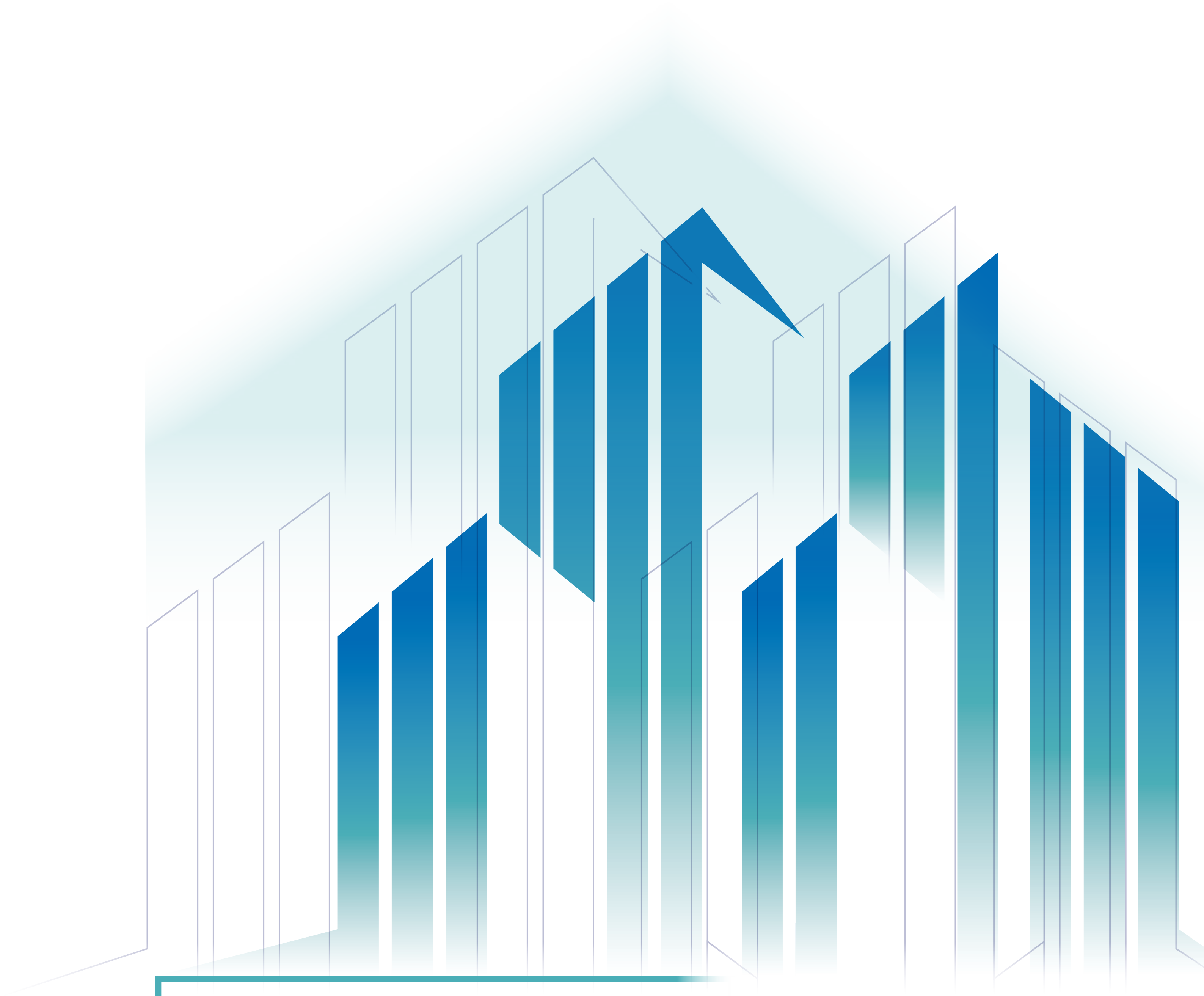
Kwan Yong Holdings Limited

光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9998



ANNUAL REPORT **2020**

Contents

	Page
Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	16
Corporate Governance Report	24
Directors' Report	38
Independent Auditor's Report	50
Consolidated Statement of Profit or Loss and Other Comprehensive Income	55
Consolidated Statement of Financial Position	56
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59
Notes to the Consolidated Financial Statements	61
Financial Summary	122

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. Koh Lian Huat
Dr. Wu Dongqing
Mr. Chou Sean Yu
Mr. Fong Heng Boo *(appointed on 1 April 2020)*

BOARD COMMITTEES

Audit Committee

Mr. Koh Lian Huat *(Chairman)*
Dr. Wu Dongqing
Mr. Chou Sean Yu
Mr. Lim Ah Lay
Mr. Fong Heng Boo *(appointed on 1 April 2020)*

Remuneration Committee

Mr. Chou Sean Yu *(Chairman)*
Dr. Wu Dongqing
Mr. Kwan Mei Kam
Mr. Lim Ah Lay
Mr. Koh Lian Huat

Nomination Committee

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

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Ms. Kwan Shu Ming
Ms. Ng Hoi Ying

AUDITORS

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
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
Tai Tung Building
8 Fleming Road
Wan Chai
Hong Kong

Corporate Information

COMPLIANCE ADVISER

SPDB International Capital Limited
33/F, SPD Bank Tower, One Hennessy
1 Hennessy Road, 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
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

DBS Bank Ltd
Overseas-Chinese Banking Corporation Limited

COMPANY'S WEBSITE

www.kwanyong.com.sg

STOCK CODE

9998

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present the annual report of our Group for the year ended 30 June 2020.

The year under review had not been easy as the global economic climate was facing headwinds from the United States-Sino trade tensions, financial market instability, and novel coronavirus (the "**COVID-19**") pandemic. We expect global markets to be affected by United States-Sino trade tensions as well as the upcoming United States presidential elections.

Closer to home, the COVID-19 pandemic, the Malaysia's Movement Control Order (the "**Cordon Sanitaire**") and the Singapore's 2-month circuit breaker period (the "**Circuit Breaker**"), have brought building works to a halt, adversely affected Singapore's construction sector. Lockdowns and travel restrictions implemented by other countries disrupted the supply chain and the return of foreign workers, adversely affected some construction projects. The pandemic has brought about a contraction of 97.1% in economic activities from the first to the second quarter of the Year 2020. Amid the pandemic fallout, the construction sector has been one of the hardest-hit industries in Singapore.

According to The Ministry of Trade and Industry (the "**MTI**") statistics, announced on 11 August 2020, MTI lowered its outlook on the economy and forecast that the economic activities will shrink by 5% to 7%. The construction sector contracted by 59.3% year-on-year, due to the stoppage of construction activities during the Circuit Breaker period.

The implementation of movement restrictions on foreign workers' dormitories to curb the spread of the COVID-19 has resulted in further resource disruptions. The resumption of activity was slower than expected due to challenges to decant the workers, and resulted in almost another 2 months of delay. Our Group are also required to have additional safety management measures at workplaces for a safe restart, coupled with resource management challenges. The slow return of workers means that the Singapore Government cannot bring forward public construction projects, resulted in a deeper and more protracted contraction.

The Building and Construction Authority (the "**BCA**"), announced that the Singapore Government has revised downward the total demand for construction work to the range between SGD18.0 billion and SGD23.0 billion this year. The overall construction demand is expected to recover to some extent starting from next year. Stimulus by public sector residential developments and upgrading works, the Jurong Lake District development, construction of new healthcare facilities, and various infrastructure projects such as the construction of the Cross Island MRT line will support the construction demand.

During the year ended 30 June 2020, the Group's revenue was approximately SGD127.5 million, representing an increase of approximately 15.5% as compared to that of approximately SGD110.4 million for the year ended 30 June 2019.

Chairman's Statement

Gross profit decreased from approximately SGD14.4 million for the year ended 30 June 2019 to a gross loss of approximately SGD9.2 million for the year ended 30 June 2020, representing a decrease of approximately 163.8%. The decrease of gross profit and gross profit margin was the combined effect of lower profit margin arising from some alteration and addition ("**A&A**") projects and private sector projects; the COVID-19 pandemic; and the revised project implementation timelines.

During the year ended 30 June 2020, our Group continued to build its strengths and resilience by successfully securing a total of 2 new projects, our first public residential project and a private school institution project. The Group has completed 5 construction projects and will continue to execute 7 ongoing construction projects.

In the medium term, construction demand is expected to hold steady. Demand is projected to reach between SGD27.0 billion and SGD34.0 billion per year for the year 2021 and the year 2022 respectively and between SGD28.0 billion and SGD35.0 billion per year for the year 2023 and the year 2024 respectively.

In the foreseeable future, we anticipate that the construction industry will be very competitive and will intensify our efforts to tender for new projects. Our Group is confident in achieving sustainable business, especially in public sector projects. We will optimise and manage our resources to seize opportunities and actively engage in those which are beneficial to the long-term development of our Group.

On behalf of the Board, I would like to express my appreciation to our shareholders, customers, business associates, and suppliers for their continuous support. To the management team for their effective leadership, and staff of our Group for their solid teamwork. I am confident that all of you will give your full commitment and best efforts to make our Group resilient.

I would also like to express my sincere gratitude to our Board for their guidance and prudent counsel during this unprecedented time.

Kwan Mei Kam
Chairman and Executive Director

Singapore, 29 September 2020

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 A&A works. We have more than 30 years of experience in building construction works for various types of buildings which include (i) institutional buildings (such as education institutions, hospitals and nursing homes); (ii) commercial buildings (such as office buildings and restaurants); and (iii) industrial and residential buildings. The Group is known for quality of work, especially in building construction works for the public sector.

As at 30 June 2020, the Group had 7 construction projects on hand (including projects in progress and projects that are yet to commence) with a total contract value of approximately SGD312.8 million.

OUTLOOK

The outbreak of the COVID-19, the Malaysia's Cordon Sanitaire and the Singapore's 2-month Circuit Breaker have brought building works to a halt, adversely affecting Singapore's construction sector. We expect global markets to be affected by United States-Sino trade tensions as well as the upcoming United States presidential elections.

The focus as a business will remain unchanged. The Group will continue to be active as the main contractor in both public and private sector projects. During this extraordinary and unprecedented times, the Group is preparing for the new future and the new normal to position itself for the next phase of the journey.

The Group will continue to pursue the following business strategies:

(a) expand the Group's business and strengthen the Group's market position in the construction industry in Singapore;

(b) upgrade and replace existing machinery and equipment to enhance the Group's productivity and quality;

(c) adopt digital solutions to enhance safety of the Group's worksites;

(d) strengthen the Group's technical capability and productivity through investment in new technology; and

(e) enhance and expand the Group's workforce to keep up with the Group's business expansion.

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 by way of public offer and placing (the "**Listing**"). The Directors believe that the Listing enables the Group to (i) gain direct access to the capital market in Hong Kong for cost-effective capital raising for future expansion and corporate finance exercises; (ii) enhance the Group's corporate profile, recognition, and corporate status; and (iii) reinforce the Group's market awareness and image which in turn strengthen the Group's competitiveness in the building construction industry.

Management Discussion and Analysis

The Directors recognised that the Group's presence in the Hong Kong capital market could create a higher level of visibility for the Group among international investors, and hence gain better access to international funding. More importantly, the Directors believe that access to international funding will underpin the Group's future sustainable growth by providing diversified means to fund future expansion plans. The sole reliance on internal funding will, in the view of the Directors, impose constraints on the business strategies, and therefore, the future expansion and potential growth of the business.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 June 2020 was approximately SGD127.5 million, representing an increase of approximately 15.5% as compared to that of approximately SGD110.4 million for the year ended 30 June 2019. The increase in revenue was mainly driven by the increase in revenue from new construction projects for both public and private sectors, partially offset by the decrease in revenue from the Group's A&A projects for the public sector.

Cost of sales

Cost of sales for the year ended 30 June 2020 was approximately SGD136.7 million, representing an increase of approximately SGD40.7 million or approximately 42.4%, from approximately SGD96.0 million for the year ended 30 June 2019. The increase was due to the delay of several projects which in turn resulted in an increase in the cost of services as more preliminaries costs and subcontracting costs had to be incurred to catch up on the delays. Additional costs incurred due to the outbreak of the COVID-19, the Malaysia's Cordon Sanitaire and the Singapore's Circuit Breaker, which resulted in cost overrun of ongoing projects in anticipation of additional safety measures requirement and prolongation of projects' timeline.

Gross (loss)/profit and gross (loss)/profit margin

Gross profit decreased by approximately 163.8% from approximately SGD14.4 million for the year ended 30 June 2019 to gross loss of approximately SGD9.2 million for the year ended 30 June 2020, and the gross profit margin decreased by 20.2 percentage points to a gross loss margin of approximately 7.2% (2019: gross profit margin approximately 13.0%). The decrease of gross profit and gross profit margin were the combined effect of:

(i) the lower profit margin arising from certain A&A projects and a new construction project in the private sector which were completed during the year ended 30 June 2020; and

(ii) additional costs incurred due to the outbreak of the COVID-19 such as cost overrun of ongoing projects in anticipation of productivity loss and prolongation of project timeline, provision for losses from certain projects in Singapore due to extended construction periods and intense competition for new jobs.

Management Discussion and Analysis

Administrative expenses

Administrative expenses increased by approximately SGD1.3 million from approximately SGD5.3 million for the year ended 30 June 2019 to approximately SGD6.6 million for the year ended 30 June 2020. The increase was mainly attributable to the increase in the post-listing compliance costs and higher operation expenses incurred to cope with skilled work force.

Listing and other expenses

The Group recognised non-recurring listing expenses of approximately SGD1.5 million and COVID-19 expenses of approximately SGD2.3 million for the year ended 30 June 2020 respectively (2019: approximately SGD2.4 million and Nil).

Finance costs

The Group's finance costs increased by approximately SGD93,000 from approximately SGD30,000 for the year ended 30 June 2019 to approximately SGD123,000 for the year ended 30 June 2020. The increase was mainly due to the interest on right of use leases arising from adoption of IFRS 16 in current year.

Income tax (credit)/expense

The income tax credit amounted to approximately SGD552,000 for the year ended 30 June 2020; while there was an income tax expense of approximately SGD1.6 million for the year ended 30 June 2019. Such credit was attributable to the overprovision of current tax and deferred tax in prior years. There was no income tax expense incurred as the Group recorded a loss for the year ended 30 June 2020.

(Loss)/profit for the year

As a result of the above factors, the Group recorded a loss of approximately SGD17.0 million for the year ended 30 June 2020 as compared to a profit of approximately SGD5.9 million for the year ended 30 June 2019.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 8 January 2020 (the "**Listing Date**"). There has been no change in the capital structure of the Group since then. The capital of the Group only comprised of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group's cash and cash equivalents balances as at 30 June 2020 amounted to approximately SGD48.1 million (2019: approximately SGD3.0 million), which were denominated in Hong Kong dollars and Singapore dollars.

As at 30 June 2020, the Group's indebtedness comprised borrowings denominated in Singapore dollars and lease liabilities of approximately SGD8.0 million (2019: approximately SGD4.5 million).

The Group recorded total current assets of approximately SGD78.2 million as at 30 June 2020 (2019: approximately SGD61.4 million) and total current liabilities of approximately SGD50.1 million as at 30 June 2020 (2019: approximately SGD40.1 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.6 as at 30 June 2020 (2019: approximately 1.5).

The Group's total equity attributable to shareholders of the Company remains stable at approximately SGD42.4 million as at 30 June 2020 (2019: approximately SGD39.5 million).

The Group's operations are financed principally by cash generated from its business operations, bank facilities and net proceeds from which the Company made an offer to the public for subscription of its new shares and undertook an international placing of its new shares (collectively, the "**Global Offering**") in connection with the Listing.

GEARING RATIO

As at 30 June 2020, 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 19.0% (2019: approximately 11.4%).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (2019: Nil).

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

During the year ended 30 June 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures save for those related to the pre-listing corporate Reorganisation as disclosed in the prospectus of the Company dated 24 December 2019 (the "**Prospectus**"). Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 30 June 2020.

Management Discussion and Analysis

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. From 1 July 2019, the Group recognised right-of-use assets for these leases, except for short-term leases and low-value leases. As at 30 June 2020, the Group's lease commitments were approximately SGD214,000 (2019: approximately SGD590,000).

As at 30 June 2020, the Group had no capital commitment (2019: approximately SGD1.6 million).

TREASURY POLICIES

The Directors will continue to adopt 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. As most of the Group's transactions, monetary assets and liabilities are denominated in Singapore Dollars, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk.

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 Group will continue to focus on expanding its market position for the building environment sector in Singapore.

The unprecedented pandemic has brought about a contraction of 97.1% in construction demand of Singapore's construction industry from the first to the second quarter of the Year 2020. The BCA projected that the construction demand reduces by SGD10.0 billion this year. The latest projections are between SGD18.0 billion and SGD23.0 billion, mainly due to a sharp drop in demand for private sector projects and a delay in the roll-out of public sector projects. Contractors and suppliers have asked for more time to assess the impact of COVID-19 on resource management and project implementation timelines.

BCA expects that construction demand will recover to some extent from the Year 2021. Public residential developments and upgrading works, the Jurong Lake District development, the construction of new healthcare facilities, and various infrastructure projects such as the construction of the Cross Island MRT line will support the demand in construction works.

Management Discussion and Analysis

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 30 June 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The unprecedented outbreak of the COVID-19 in January 2020 which subsequently developed into a global pandemic that has severely disrupted global economic activities. Up to the date of this annual report, the Group's financial results was adversely affected by the impact of the COVID-19, to the extent of which could not be estimated. The Group will continue to monitor the development of the COVID-19 and react to its impact on the financial position and operating results of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 488 employees (2019: 447 employees). Total staff costs for the year ended 30 June 2020 amounted to approximately SGD9.5 million (2019: approximately SGD8.1 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.

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment, i.e., provision of general building and construction services.

CHARGES ON GROUP ASSETS

The borrowings include term loan of approximately SGD450,000 (2019: approximately SGD474,000) as at 30 June 2020 was secured against the Group's leasehold property with net carrying amount of approximately SGD12.3 million (2019: approximately SGD13.3 million). As at 30 June 2020, the Group has pledged time deposits of approximately SGD4.0 million (2019: approximately SGD7.0 million) to the banks as a security for the Group's bank overdraft facilities.

Management Discussion and Analysis

PRINCIPAL RISK AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe that the more significant risks relating to the business are as follows:

– a significant portion of the Group's revenue was generated from a major customer and any significant decrease in projects awarded from it may affect the Group's business, operations and financial results;

– failure to complete projects on a timely basis could materially affect the Group's financial position and reputation and the Group may be subject to claims;

– the Group's inability to attract and retain qualified personnel could impair the Group's ability to operate and grow successfully;

– the Group rely on foreign labour in its operations and any changes in the policy in recruitment of foreign labour could materially affect the Group's operations;

– the Group is dependent on suppliers and subcontractors to implement the construction contracts, and any material fluctuation in the costs of supply could materially and adversely affect the Group's operations and profitability and the Group may not be able to obtain alternative providers with similar or favourable terms;

– the Group determine the tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from the estimation due to various factors, thereby adversely affecting the Group's operations and financial results; and

– any occurrence of widespread health epidemics or other events could have a material adverse effect on the Group's business, operations and financial results.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 June 2020 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2020 as stated in the Prospectus	Actual business progress up to 30 June 2020
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 HKD14.0 million to acquire tower crane, scissors lift and boom lift equipment. Due to COVID-19 and its impact on the construction industry, the Group have evaluated the current situation and has slowed down the acquisition of new equipment.
Strengthen the Group's financial capabilities to undertake new construction and A&A projects of larger contract value	Initial capital requirement for a new residential building construction project granted to the Company by the Singapore Government Agency	The Group has utilised approximately HKD5.0 million for the new residential building construction project granted by the Singapore Government Agency. Work was at initial phases before the Group experienced the Circuit Breaker in Singapore. This resulted in a slower than expected usage of initial capital.

Management Discussion and Analysis

Business strategies as stated in the Prospectus	Business objectives up to 30 June 2020 as stated in the Prospectus	Actual business progress up to 30 June 2020
Strengthen the technical capability and productivity through investment in new construction technology	To hire new staff with BIM and VDC experience	Due to COVID-19, which resulted in the slowdown of the construction sector, the Group has taken into account natural attrition and overall resources in the market. The Group have delayed the recruitment schedule due to the unavailability of suitable candidates.
	To hire new staff including design engineers and PPVC consultants	
	Upgrade BIM version	
	Recurring costs for the BIM and other relevant software	
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	Due to COVID-19, which resulted in the slowdown of the construction sector, the Group has delayed the expansion plan.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 8 January 2020. The Company had allotted and issued 200,000,000 ordinary shares with aggregate nominal value of HKD2.0 million at a price of HKD0.65 per share and raised HKD130.0 million (equivalent to approximately SGD22.8 million) in total gross proceeds. The net proceeds from the Listing amounted to approximately HKD88.4 million (equivalent to approximately SGD15.5 million) after deduction of related underwriting commission and expenses in connection with the Global Offering incurred by the Company for the Listing (the "**Net Proceeds**").

Management Discussion and Analysis

With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and 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 adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

The following table sets out the breakdown of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and remaining amount of the Net Proceeds from the Listing as at 30 June 2020:

	Planned use of Net Proceeds from Listing Date to 30 June 2020	**Actual use of Net Proceeds from the Listing Date to 30 June 2020**	**Unutilised Balance of Net Proceeds from the Listing Date to 30 June 2020**
	HKD'million	HKD'million	HKD'million
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment	16.2	14.0	2.2
Recruit new staff and strengthen technical capability through investment in new construction technology (BIM, VDC and PPVC)	5.0	–	5.0
Initial capital required for larger project	20.9	5.0	15.9
Enhance and expand workforce to cope with business expansion	1.9	–	1.9
Total	44.0	19.0	25.0

Note:

The Company intends to implement the plans and to utilise the Net Proceeds in line with the plan as set out in the Prospectus, however, in view of the outbreak of the COVID-19 and the uncertainty of Singapore's economy, the Group has adopted a cautious and prudent approach in implementing the business expansion and growth plans.

The remaining unutilised Net Proceeds as at 30 June 2020 of approximately HKD69.4 million were deposited in licensed banks in Hong Kong and Singapore. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this annual report, the Directors do not anticipate any change to the plan as to the use of Net Proceeds.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kwan Mei Kam ("Mr. Kwan"), aged 65, was appointed as an executive Director, the chief executive officer (the "**Chief Executive Officer**") and the chairman of the Board (the "**Chairman**") on 8 October 2018. Mr. Kwan is also one of the controlling shareholders of the Company (the "**Controlling Shareholders**"). Mr. Kwan is responsible for the Group's overall business management, strategic planning and business development of the Group. Mr. Kwan is the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Kwan is the spouse of Ms. Tay Yen Hua and the father of Ms. Kwan Shu Ming.

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

Mr. Kwan has over 44 years of experience in the construction industry in Singapore. In June 1974, Mr. Kwan joined Progressive Builders Pte Ltd., which was principally engaged in the provision of general building construction works where Mr. Kwan was initially employed as a site clerk, and later worked as an assistant foreman and as a site agent on behalf of Messrs Lee Kim Tah Pte Ltd for hotel renovation works. During the employment by Progressive Builders Pte Ltd., Mr. Kwan was involved in public housing projects and hotel renovation works, and was responsible for the supervision of job sites, maintaining safety standards at job sites and ensuring the quality and timely progress of the works to be implemented. In January 1983, Mr. Kwan co-founded Kwan Yong Building Construction in Singapore, which was principally engaged in building construction work. As a partner of Kwan Yong Building Construction, Mr. Kwan was responsible for the day-to-day operations of the partnership. Subsequently, Mr. Kwan, together with three independent third parties, incorporated Kwan Yong Construction Pte Ltd ("**Kwan Yong**") in May 1984 and has been the managing director of Kwan Yong since then.

Ms. Tay Yen Hua ("Ms. Tay"), aged 64, was appointed as an executive Director of the Company on 8 October 2018. Ms. Tay is also one of the Controlling Shareholders. Ms. Tay is responsible for the Group's overall business operation as Ms. Tay oversees the Group's financial performance, and the accounting, human resources and administrative functions. Ms. Tay is the spouse of Mr. Kwan and the mother of Ms. Kwan Shu Ming.

Ms. Tay completed her secondary education at Serangoon Secondary School in December 1972.

Ms. Tay has over 40 years of experience in secretarial, accounts and human resources work. From October 1974 to September 1984, Ms. Tay was a secretary to the executive director of Progressive Builders Pte Ltd., during which Ms. Tay was mainly responsible for Progressive Builders Pte Ltd.'s personnel and payroll matters. Ms. Tay joined Kwan Yong in October 1984 as an office manager and over the years, progressed to the position of the head of the Accounts and Finance Department (human resource and administration). In December 2009, Ms. Tay was appointed as a director of Kwan Yong.

Biographical Details of Directors and Senior Management

Mr. Jacob Wong San Ta（黃善達）("Mr. Wong"), aged 51, was appointed as an executive Director on 8 October 2018. Mr. Wong is responsible for project management, enhancement of the Group's technical abilities and adoption of technology. Mr. Wong oversees the Tender and Contract Department, the Purchasing Department and the Project Department.

Mr. Wong graduated from the National University of Singapore in Singapore with a Bachelor of Engineering (Civil) Degree in June 1993. From 2017 to 2019, Mr. Wong has been a member of the Singapore Contractors Association Contracts and Practice Subcommittee of the Singapore Contractors Association Ltd. ("**SCAL**"). For the term of 2019 to 2021, Mr. Wong is the council member of SCAL and is also a member of the SCAL's Contacts & Practice Subcommittee and Manpower & Policy Subcommittee.

Mr. Wong has over 23 years of experience in the construction industry in Singapore. Mr. Wong joined Kwan Yong in October 1995 as a site manager and was promoted to the position of project manager in August 1997. During this period, Mr. Wong was responsible for the coordination between the qualified persons (including architects, engineers in the projects) and clients, the management and overseeing the execution of design and build contracts, management and reviewing performance of subcontractors, and the proper documentation of variation claims and justifications. Mr. Wong was promoted to the position of general manager of Kwan Yong in August 2002 and up until May 2006, Mr. Wong was responsible for the management of project directors and project managers, the procurement forecast, the cash flow forecast, general business development, manpower planning and negotiations with subcontractors and suppliers. From October 2007 to December 2011, Mr. Wong was appointed as a resident engineer of the National University of Singapore. Since April 2012, Mr. Wong worked as a senior resident engineer at the Singapore University of Technology & Design. In September 2013, Mr. Wong re-joined the Group and was appointed as a director of Kwan Yong.

Ms. Kwan Shu Ming（關曙明）("Ms. Kwan"), aged 36, was appointed as an executive Director on 8 October 2018. Ms. Kwan is mainly responsible for the finance and accounting operations of the Group, and the preparation and publication of financial statements. Ms. Kwan is a member of the Nomination Committee. Ms. Kwan is the daughter of Mr. Kwan and Ms. Tay.

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

Ms. Kwan has over 12 years of experience in accounting and management. From November 2006 to October 2007, Ms. Kwan was employed by Ernst & Young Singapore as an audit assistant. From November 2007 to March 2010, Ms. Kwan served as a client onboarding analyst in Barclays Capital Services Limited during which Ms. Kwan was responsible for client verification, due diligence checks, and anti-money laundering review. Prior to joining the Group, Ms. Kwan operated her own business in March 2010. She became the founder of Pave Chocolates Pte Ltd which was mainly engaged in the sale of chocolates and food and was responsible for the daily operation of stores, staff management, procurement, sales and the marketing of products. Ms. Kwan then joined the Group in May 2012 as an accounts manager and in September 2018, was promoted to the position of financial controller. Ms. Kwan is responsible for the finance and accounting operations and all areas relating to financial reporting of the Group.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Lim Ah Lay (林亞烈) ("Mr. Lim"), aged 64, was appointed as a non-executive Director on 8 October 2018. Mr. Lim is responsible for providing advice to the Board and advising on corporate governance matters. Mr. Lim is a member of the audit committee of the Company (the "**Audit Committee**") and the Remuneration Committee.

Mr. Lim obtained his Teacher's Certificate at the Temenggong Ibrahim Training College in Johor, Malaysia in April 1979. From April 1979 to April 1985, Mr. Lim was a secondary school science and mathematics teacher at Datok Lokman Secondary School in Kuala Lumpur, Malaysia. Mr. Lim was admitted as an associate member of the Chartered Institute of Management Accountants in October 1990 and became a chartered accountant of the Malaysian Institute of Accountants since November 1990.

Mr. Lim has over 30 years of working experience in accounting, audit and finance. From April 1985 to June 1987, Mr. Lim worked with Ling Kam Hoong & Co., as an audit senior. From July 1987 and May 1990, Mr. Lim was the internal audit executive of MUI Finance Berhad. Thereafter, Mr. Lim joined Zalik Securities Sdn Bhd as an accountant from June 1990 to June 1991. In June 1991, Mr. Lim joined UMBC Securities Sdn Bhd and served as an assistant general manager until August 1995. Thereafter, Mr. Lim worked with ECM Libra Securities Sdn Bhd (formerly known as BBMB Securities Sdn Bhd and as ECM Libra Avenue Securities Sdn Bhd), an operating subsidiary of ECM Libra Berhad which was acquired by Avenue Capital Resources Berhad (now known as ECM Libra Financial Group Berhad) and is a company listed on Bursa Malaysia (stock code: 2143), from August 1995 to June 2007. Mr. Lim's last position held at ECM Libra Avenue Securities Sdn Bhd was the executive director of operations. Mr. Lim acted as a director and head of operations for OSK Investment Bank Berhad from August 2007, where Mr. Lim was in charge of the operational activities of the principal office and all branch offices. Mr. Lim was then appointed as an executive director of OSK Holdings Hong Kong Ltd from December 2010.

From December 2010 to April 2017, Mr. Lim was an executive director of RHB Hong Kong Ltd and its subsidiaries. Mr. Lim was also a responsible officer for RHB Securities Hong Kong Limited, RHB Futures Hong Kong Limited and RHB Asset Management Limited from November 2011 to April 2017. Mr. Lim served as a consultant to JS Financial Holding Limited and its subsidiaries from May 2017 to November 2017, and was a licensed representative for JS Securities Limited and JS Futures Limited from September 2017 to November 2017. Mr. Lim has been a director and a licensed representative of Power Asset Management Company Limited ("**Power Asset**") since March 2018 and August 2018 respectively. Power Asset is a subsidiary of Power Financial Group Limited, a company listed on the Stock Exchange (stock code: 397), which is principally engaged in the business of financial services, money lending and asset management and investment.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koh Lian Huat（許連發）("Mr. Koh"), aged 79, was appointed as an independent non-executive Director on 17 December 2019. Mr. Koh is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Koh is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Koh obtained a Bachelor in Commerce & Accountancy from the Nanyang University Singapore in March 1965. Mr. Koh has been a member of CPA Australia and a member of the Institute of Singapore Chartered Accountants since August 2004 and in November 2004 respectively. Mr. Koh has also been admitted as a fellow member of Association of Chartered Certificated Accountants since May 2006.

In April 2015, Mr. Koh was appointed as an honorary advisor. He is currently an honorary auditor of the Chartered Management Institute, Singapore. Mr. Koh is a Justice of Peace in Singapore and is a mediator who assists the State Courts in dealing with magistrate's complaints and maintenance disputes.

Mr. Koh has over 40 years of working experience in accounting, auditing and construction industries. Mr. Koh worked as an accountant for Lee Kim Tah (Pte) Limited from June 1965 to March 1976.

From July 1969 to January 1984, Mr. Koh was a director of Lee Realty (Pte) Limited, a real estate developer. From June 1983 to January 1984, Mr. Koh was also the company secretary of Lee Kim Tah Holdings Limited, a company formerly listed on the Singapore Exchange Securities Trading Limited (the "**Singapore Exchange**") which was privatized in 2015 and was responsible for property development and investments, construction, retail management and project management. From July 1972 to January 1984, Mr. Koh was a director and the company secretary of Lee Development (Private) Limited, a company principally engaged in property development and investment, construction and project management. Thereafter Mr. Koh became a sole proprietor of Koh Lian Huat and Co., which was principally engaged in the provision of accounting services, From 1982 to 1999. Mr. Koh was a partner of Ng, Lee & Associates – DFK. From 2000 to 2003, he was a consultant of the firm before he left in 2004. Mr. Koh later established Huat Associates, which is principally engaged in the provision of accounting and auditing services, in June 2004, he became sole proprietor.

From November 2009 to April 2019, Mr. Koh was an independent director of Hock Lian Seng Holdings Limited, a company listed on the Main Board of the Singapore Exchange (stock code: J2T), which was principally engaged in investment and investment holding services. From December 2010 to December 2019, Mr. Koh was an independent director of Zhongmin Baihui Retail Group Ltd, a company listed on the Main Board of the Singapore Exchange (stock code: 5SR), which was principally engaged in ownership, operation and management of department stores and supermarkets in the People's Republic of China (the "**PRC**").

Biographical Details of Directors and Senior Management

Dr. Wu Dongqing（武冬青）("Dr. Wu"), aged 61, was appointed as an independent non-executive Director on 17 December 2019. Dr. Wu is responsible for providing independent advice to the Board and advising on corporate governance matters. Dr. Wu is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Dr. Wu was awarded a Bachelor Degree of Port and Harbour Engineering from the East China Technical University of Water Resources*（華東水利學院校（院）水港系）in the PRC in February 1982. Dr. Wu further earned a Master Degree in Engineering from the Hohai University（河海大學）in the PRC in July 1986. Subsequently, Dr. Wu had been a lecturer in the Hohai University. Dr Wu later obtained a Doctorate Degree in Philosophy from the Nanyang Technological University in April 1996.

Dr. Wu has over 24 years of experience in civil engineering material science and environmental engineering. In 1994, Dr. Wu joined, and in November 1996 became a director of Instek Holding Pte Ltd, which was later renamed as Chemilink International Holdings Pte. Ltd. which principally engaged in the research and development of products and engineering solutions for civil and material engineering. Dr. Wu was responsible for the day-to-day operation and developing products for civil and material engineering.

Since December 2002, Dr. Wu has been a director, the managing director and the chief executive officer of Chemilink Technologies Group Pte. Ltd., which principally engages in the development and manufacture of basic chemicals and was responsible for the day-to-day operation. Since July 2010, Dr. Wu has been a director and executive chairman of Chemilink Newsoil Engineering Pte. Ltd, which principally engages in infrastructure engineering design and consultancy services, and land reclamation works and was responsible for the day-to-day operation. Since April 2012, Dr. Wu has been a director of China Lianyungang (S) Development Organization Pte. Ltd., which principally engages in business and management consultancy services and was responsible for the day-to-day operation.

Mr. Chou Sean Yu（曹顯裕）("Mr. Chou"), aged 50, was appointed as an independent non-executive Director on 17 December 2019. Mr. Chou is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Chou is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

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

Mr. Chou has over 25 years of working experience as a commercial litigator. Mr. Chou was admitted to the Singapore Bar in May 1994. Mr. Chou is currently a partner of WongPartnership LLP, which Mr. Chou joined in May 1997 and is now the head of its Litigation and Dispute Resolution Department and also its banking and financial disputes practice, and a partner in the international arbitration, financial services regulatory and Malaysia practice.

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

Mr. Fong Heng Boo（龐廷武）("Mr. Fong"), aged 70, was appointed as an independent non-executive Director on 1 April 2020. Mr. Fong is responsible for providing independent advice to the Board and advising on corporate governance matters. Mr. Fong is a member of the Audit Committee.

Mr. Fong has over 45 years of experience in auditing, finance, corporate governance, business development and management. Mr. Fong obtained a Degree of Bachelor of Accountancy from the University of Singapore (now known as the National University of Singapore) in August 1973. Mr. Fong has been admitted as a Fellow Member by the Institute of Singapore Chartered Accountants in August 2004.

Mr. Fong has been appointed as a non-executive independent director of Colex Holdings Limited (stock code: 567), a company listed on the Singapore Exchange since March 1999; a non-executive independent director of CapitaLand Retail China Trust Management Limited (stock code: AU8U), a company listed on the Singapore Exchange since January 2013; a lead independent director of TA Corporation Ltd (stock code: PA3), a company listed on the Singapore Exchange since December 2017; a lead independent director of Citicode Ltd (formerly known as Advance SCT Ltd) (stock code: 5FH), a company listed on the Singapore Exchange since July 2018; and an independent non-executive director of Sheng Ye Capital Limited (stock code: 6069), a company listed on the Stock Exchange, since September 2018.

SENIOR MANAGEMENT

Mr. Tang Siew Tuck（鄧兆德）("Mr. Tang"), age 56, is the general manager of the Group and is mainly responsible for the daily construction project management of the Group, and the development of operational plans for the Group's projects, including technical proposal submissions for tendering and site implementation. Mr. Tang obtained a Bachelor of Applied Science Construction Management & Economics Degree from the Curtin University of Technology in Perth, Australia in May 1997.

Mr. Tang has over 30 years of experience in the construction industry of Singapore. Mr. Tang joined Build-Max Construction Pte. Ltd. and was a project manager when Mr. Tang left the company in July 2000. Mr. Tang joined Kwan Yong as a project manager in August 2000 and was responsible for project compliance, costs control and project planning of various projects. In July 2006, Mr. Tang was promoted to the position of construction manager and was responsible for the technical planning and overall management of various projects. Mr. Tang left Kwan Yong in February 2008. Mr. Tang then served as a general manager from February 2008 to April 2011 in Megabuilders Development Pte Ltd., which is principally engaged in general building works. Mr. Tang re-joined Kwan Yong in April 2011 and has been working as a general manager since then.

Biographical Details of Directors and Senior Management

Mr. Koh Puay Hock (許培福) ("Mr. Koh PH"), aged 41, is the project director of the Group and is mainly responsible for the daily project management of the Group, and the development of operational plans for the Group's projects, including tendering, execution and completion. Mr. Koh PH graduated from the Universiti Teknologi Malaysia in Johor, Malaysia with a Bachelor of Engineering (Civil-Environmental) Degree in July 2001.

Mr. Koh PH has over 15 years of experience in the construction industry in Singapore. Mr. Koh PH started his career as a civil engineer in February 2002 at Muhibbah Engineering (M) Bhd, a company listed on the Main Board of Bursa Malaysia stock exchange (stock code: MUHIBAH). In April 2005, Mr. Koh PH joined the Group as a site engineer and was mainly responsible for micro-planning of weekly civil work activities, manpower planning, reviewing daily progress report, site co-ordination and supervision, performing drawing discrepancies checks, coordinating with civil and structural consultants, carrying out inspection and quality checks, and ensuring the smooth progress of site work. Mr. Koh PH was promoted to a project manager in August 2008 and was mainly responsible for coordinating with consultants and subcontractors, ensuring project costs control, monitoring construction schedule, carrying out general site administration, planning and programming of master construction programme and conducting internal project control meetings. In March 2012, Mr. Koh PH was further promoted and has been working as a project director of Kwan Yong since then.

Ms. Tan Mee Nak (陳美娜) ("Ms. Tan"), aged 55, is the senior cost manager of the Group and is mainly responsible for the daily supervision of procurement process, contract management, pricing negotiation and budget preparation of the Group. Ms. Tan also provides guidance and management experience in contract negotiations. Ms. Tan graduated with a Diploma in Building Management from the Ngee Ann Polytechnic in Singapore in August 1987.

Ms. Tan has over 30 years of experience in the construction industry in Singapore. From September 1987 to March 1989, Ms. Tan was employed by Vemac Construction Pte Ltd as a technical assistant and was responsible for tendering and measurement of building construction works. Prior to joining the Group, Ms. Tan served at Evan Lim & Co Pte Ltd as a quantity surveyor from March 1989 to July 1989 and was responsible for preparing tenders and costing, reinforcing concrete measurement, subcontractor quotations, and assisting senior quantity surveyors in architectural measurement. Ms. Tan joined Kwan Yong in August 1989 as a quantity surveyor and Ms. Tan was responsible for making progress claims, monitoring vendors and subcontractors' payments, carrying out project variations and managing contracts. Ms. Tan was then promoted to the position of senior quantity surveyor of Kwan Yong in August 1997 and was responsible for project bidding, making progress claim, making bid analysis and managing contracts. Ms. Tan was further promoted in March 2011 and has been working as a senior cost manager of Kwan Yong since then.

COMPANY SECRETARY

Ms. Ng Hoi Ying (吳愷盈) ("Ms. Ng"), aged 34, was appointed as the company secretary of the Company (the "**Company Secretary**") on 19 October 2018. Ms. Ng graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Honours) in Accountancy in October 2008. Ms. Ng is a member of the Hong Kong Institute of Certified Public Accountants since January 2012.

Ms. Ng has over 10 years of experience in accounting, auditing, finance and company secretarial matters. From September 2008 to November 2011, Ms. Ng worked at Deloitte Touche Tohmatsu Hong Kong with her last position as audit senior II. From November 2011 to October 2014, Ms. Ng worked at Asia Maritime Pacific (Hong Kong) Limited, which is a shipping company principally engaged in the international operation of a fleet, consisting of both self-owned and chartered vessels, with her last position as senior accountant. Subsequently, from October 2014 to October 2018 Ms. Ng served as a finance manager of Ngai Shun Construction & Drilling Company Limited, which is a specialist piling contractor for both private and public work in Hong Kong and is a subsidiary of Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1246). Ms. Ng joined Blooming (HK) Business Limited, which provides corporate advisory and company secretarial services, in October 2018 and is currently employed as a company secretarial manager.

Corporate Governance Report

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Except for the deviation from code provision A.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code since the Listing Date up to the date of this annual report.

Details of the deviation from code provision A.2.1 is set out in "Chairman and Chief Executive Officer" on page 27 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors confirmed that they had fully complied with the required standards set out in the Model Code and there is no event of non-compliance since the Listing Date and up to the date of this annual report.

DIRECTORS' RESPONSIBILITIES

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

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

Corporate Governance Report

DELEGATION BY THE BOARD

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

Board Composition

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

Executive Directors

Mr. Kwan Mei Kam *(Chairman and Chief Executive Officer) (appointed on 8 October 2018)*
Ms. Tay Yen Hua *(appointed on 8 October 2018)*
Mr. Jacob Wong San Ta *(appointed on 8 October 2018)*
Ms. Kwan Shu Ming *(appointed on 8 October 2018)*

Non-executive Directors

Mr. Lim Ah Lay *(appointed on 8 October 2018)*

Independent non-executive Directors

Mr. Koh Lian Huat *(appointed on 17 December 2019)*
Dr. Wu Dongqing *(appointed on 17 December 2019)*
Mr. Chou Sean Yu *(appointed on 17 December 2019)*
Mr. Fong Heng Boo *(appointed on 1 April 2020)*

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and the non-executive Director has entered into a service contract with the Company on 8 October 2018. The letter of appointment with each of Mr. Koh, Dr. Wu and Mr. Chou, the independent non-executive Directors are for an initial term of three years commencing from 17 December 2019. The letter of appointment for Mr. Fong commenced on 1 April 2020 for a three years term. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

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

Pursuant to article 108 of the Company's memorandum and articles of association, each of Mr. Kwan, Ms. Tay, Mr. Wong, Ms. Kwan, Mr. Lim, Mr. Koh, Dr. Wu and Mr. Chou will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 18 December 2020. Mr. Kwan, Ms. Tay, Mr. Wong, Ms. Kwan, Mr. Lim, Mr. Koh, Dr. Wu and Mr. Chou, being eligible, will offer themselves for re-election.

Pursuant to article 112 of the Company's memorandum and articles of association, Mr. Fong shall hold office until the forthcoming annual general meeting of the Company, and being eligible, offer himself for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Kwan, Ms. Tay, Mr. Wong and Ms. Kwan as executive Directors; Mr. Lim as non-executive Director; and Mr. Koh, Dr. Wu, Mr. Chou and Mr. Fong as independent non-executive Directors.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Kwan is the Chairman and the Chief Executive Officer. In view of the fact that Mr. Kwan is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. All Directors attended a formal directors training session conducted by TC & Co., Solicitors prior to the Listing. The training covered topics including the Listing Rules, the CG Code and disclosure of inside information. The Group has also been provided all the Directors reading materials including the CG Code, the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to develop and refresh their knowledge and skills.

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

BOARD COMMITTEES

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

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

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

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

Remuneration Committee

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

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 30 June 2020. No Director nor any of his/her associates is involved in deciding his/her own remuneration.

Nomination Committee

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

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

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

Nomination Policy

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

Selection Criteria

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

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(c) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(d) The number of existing directorships and other commitments that may demand the attention of the candidate;

(e) Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(f) Board diversity policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(g) Such other perspectives appropriate to the Company's business.

Nomination Procedure

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

(a) the Nomination Committee and/or Board identifies potential candidates based on the criteria as set out above, possibly with assistance from external agencies and/or advisors;

(b) the Nomination Committee and/or the Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(c) The Nomination Committee would make recommendation on the proposed candidate(s) and the terms and conditions of the appointment to the Board;

(d) The Nomination Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(e) In the case of the appointment of an independent non-executive Director, the Nomination Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time;

(f) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Re-Election of Director at General Meeting

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

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

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

Principles

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

In the case of the appointment of independent non-executive Directors, appointments should be for specific terms and subject to re-election, the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements.

Evolution

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

Board Diversity Policy

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

Selection and Recommendation Criteria/Measurable Objectives

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

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

Monitoring and Review

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

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

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

During the year ended 30 June 2020 and as at the date of this annual report, the Board comprises nine Directors. The following tables illustrate the diversity of the Board members as of the date of this annual report:

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

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

Audit Committee

The Audit Committee was established on 17 December 2019. The chairman of the Audit Committee is Mr. Koh, an independent non-executive Director, and other members who include Mr. Lim, the non-executive Director, Dr. Wu, Mr. Chou and Mr. Fong, 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 Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

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

The Group's consolidated financial statements for the year ended 30 June 2020 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 30 June 2020 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

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

During the year ended 30 June 2020, the Chairman held a meeting with the independent non-executive Directors without the presence of other executive Directors.

Details of all Directors' attendance at the Board meetings and Board committees' meetings held during the year ended 30 June 2020 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
	Number of meetings attended/held			
Executive Directors				
Mr. Kwan Mei Kam	6/6		1/1	1/1
Ms. Tay Yen Hua	6/6			
Mr. Jacob Wong San Ta	4/4			
Ms. Kwan Shu Ming	4/4			1/1
Non-executive Director				
Mr. Lim Ah Lay	4/4	2/2	1/1	
Independent non-executive Directors				
Mr. Koh Lian Huat	4/4	2/2	1/1	1/1
Dr. Wu Dongqing	4/4	2/2	1/1	1/1
Mr. Chou Sean Yu	4/4	2/2	1/1	1/1
Mr. Fong Heng Boo (Note)	1/1			

Note: Mr. Fong Heng Boo was appointed as an independent non-executive Director with effect from 1 April 2020.

Corporate Governance Report

COMPANY SECRETARY

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

The Company engages an external service provider, which assigned Ms. Ng as the Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Pursuant to Code F.1.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Kwan, the Chairman and the executive Director as its contact point for Ms. Ng.

For the year ended 30 June 2020, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biographic of Ms. Ng is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

INDEPENDENT AUDITORS' REMUNERATION

During the year ended 30 June 2020, the Company engaged Ernst & Young as the reporting accountants for the listing of the shares of the Company. Ernst & Young LLP was appointed as the external auditors of the Company since June 2020, for preparation of the annual audit of the Group. The remuneration paid or payable to the reporting accountants and external auditors of the Company, in respect of audit and non-audit services were as follows:

	Remuneration paid/payable SGD'000
Audit services	
– Annual audit services	160
Non-audit services	
– Listing services	255
	415

SHAREHOLDERS' RIGHT

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

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

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

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 30 June 2020 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 30 June 2020 as required under code provision C.2.5 of the CG Code. The Audit Committee and the Board have considered the internal control review report prepared by the independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

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

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

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

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.kwanyong.com.sg;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar and transfer office of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

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

Since the Listing Date, there was no change to the Company's memorandum and articles of association.

Directors' Report

The Directors hereby present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

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

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 7 September 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the Reorganisation pursuant to which the Company became the holding company of the Group on 13 December 2019. For details of the Reorganisation, please refer to the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since 8 January 2020.

DIVIDEND POLICY

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

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

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

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

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2020 and the state of affairs of the Company and of the Group as at 30 June 2020 are set out in the consolidated statements of profit and loss and other comprehensive income, Note 12 to the consolidated financial statements, and the consolidated statement of financial position, respectively, on pages 55 to 121 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 30 June 2020.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on 18 December 2020 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 15 December 2020 to 18 December 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on 14 December 2020.

BUSINESS REVIEW

The review of the business of the Group during the year ended 30 June 2020 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 34 to the consolidated financial statements. Apart from the outbreak of COVID-19 in January 2020 as set out in the paragraph headed "Significant Events After The Reporting Period", no important event affecting the Group has occurred since the end of the financial year ended 30 June 2020 and up to the date of this annual report.

Directors' Report

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for each of the four financial years ended 30 June is set out on page 122 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 June 2020 are set out in Note 14 to the consolidated financial statements of this annual report.

DONATION

Charitable donations made by the Group during the year ended 30 June 2020 amounted to approximately SGD182,651 (2019: approximately SGD170,200).

SHARE CAPITAL

Details of the Company's share capital is set out in Note 27 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 17 December 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider 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.

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall 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 issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

Directors' Report

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent nonexecutive directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HKD5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

During the year ended 30 June 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 28 and Note 35 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

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

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 30 June 2020 are set out in Note 32 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISTRIBUTABLE RESERVES

Further details of the Company's distributable reserve as at 30 June 2020 are set out in Note 35 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2020, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 45.3%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 95.7%.

During the year ended 30 June 2020, the percentage of the Group's largest supplier was approximately 6.0% of the total costs of sales for the year, while the percentage of the Group's five largest suppliers accounted for approximately 14.0% of the total costs of sales.

During the year ended 30 June 2020, the percentage of the Group's largest subcontractor was approximately 4.2% of the total costs of sales for the year, while the percentage of the Group's five largest subcontractors accounted for approximately 17.5% of the total costs of sales.

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

DIRECTORS

The Directors during the year ended 30 June 2020 and up to the date of this annual report were as follows:

Executive Directors

Mr. Kwan Mei Kam *(Chairman and Chief Executive Officer) (appointed on 8 October 2018)*
Ms. Tay Yen Hua *(appointed on 8 October 2018)*
Mr. Jacob Wong San Ta *(appointed on 8 October 2018)*
Ms. Kwan Shu Ming *(appointed on 8 October 2018)*

Non-executive Directors

Mr. Lim Ah Lay *(appointed on 8 October 2018)*

Independent non-executive Directors

Mr. Koh Lian Huat *(appointed on 17 December 2019)*
Dr. Wu Dongqing *(appointed on 17 December 2019)*
Mr. Chou Sean Yu *(appointed on 17 December 2019)*
Mr. Fong Heng Boo *(appointed on 1 April 2020)*

Directors' Report

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

Pursuant to articles 108 and 112 of the Company's memorandum and articles of association, Mr. Kwan, Ms. Tay, Mr. Wong, Ms. Kwan, Mr. Lim, Mr. Koh, Dr. Wu, Mr. Chou and Mr. Fong will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election in the said meeting.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the Prospectus and in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's Controlling Shareholders or their subsidiaries, during the year ended 30 June 2020.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

Directors' Report

The remuneration of the senior management of the Group for the year ended 30 June 2020 falls within the following band:

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

EMOLUMENT POLICY

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

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

RETIREMENT BENEFITS PLANS

Details of retirement benefits plans of the Group as at 30 June 2020 are set out in Note 8 to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in Note 32 to the consolidated financial statements of this annual report, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transaction arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 30 June 2020.

MANAGEMENT CONTRACTS

During the year ended 30 June 2020, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Directors' Report

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 30 June 2020, 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 Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

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

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

Save as disclosed above, as at 30 June 2020, 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 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors or chief executive of the Company, as at 30 June 2020, the following entity was deemed to have interest or short position 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, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

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

Save as disclosed above, as at 30 June 2020, 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 any interests or short position in the shares or the underlying shares of the Company as recorded in the register of the Company remained to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2020.

COMPETITION AND CONFLICT OF INTEREST

During the year ended 30 June 2020, none of the Directors or the Controlling Shareholders or their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

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

Directors' Report

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

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

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

During the year ended 30 June 2020, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/her/it and his/her/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

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

EQUITY-LINKED AGREEMENTS

Save as disclosed on page 40 in the paragraph headed "Share Option Scheme" of this annual report, no equity-linked agreement was entered into by the Company at any time during the year ended 30 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

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

Directors' Report

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEPENDENT AUDITOR

With effect from 26 June 2020, the Company appointed Ernst & Young LLP as the auditor of the Company in replacement of appointing Ernst & Young. Details of the change of auditor were set out in the announcement of the Company dated 26 June 2020. The consolidated financial statements of the Company for the year ended 30 June 2020 were audited by Ernst & Young LLP. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Ernst & Young LLP as auditor of the Company.

ENVIRONMENTAL, SOCIETY AND CORPORATE RESPONSIBILITY

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

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

The report of Environmental, Social and Governance of the Group will be published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and Company's website (www.kwanyong.com.sg) no later than 5 months after the end of the financial year.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 30 June 2020.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

For the year ended 30 June 2020, there was no serious and material dispute between the Group and its employees, customers and suppliers.

ON BEHALF OF THE BOARD
Kwan Yong Holdings Limited
Kwan Mei Kam
Chairman and Executive Director

Singapore, 29 September 2020

Independent Auditor's Report

OPINION

We have audited the consolidated financial statements of Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the consolidated statement of financial position of the Group as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group gives a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of the consolidated financial performance and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") approved by the International Accounting Standards Boards (the "**IASB**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Accounting for construction contracts

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

As part of our audit procedures, we:

– Reviewed terms and conditions of contracts with customers, including the contractual sums and verified costs incurred against underlying supporting documents;

– Assessed the reasonableness of management's assumptions in estimating the total budgeted cost for projects and evaluating management's consideration of compliance and prolongation cost in relation to COVID-19 pandemic;

– Reviewed the appropriateness of inputs, amongst others, materials, subcontractors and labour costs used by management in their estimation of the total costs to complete and checked to the relevant supporting documents and subsequent event review;

– Analysed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year;

– Checked the arithmetic accuracy of the computation of revenue recognised during the year for individually significant projects; and

– Reviewed project files and discussed with management on the progress of significant projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties and overruns. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, assessed whether adequate provision for onerous contracts has been recognised.

We also evaluated the adequacy of the disclosures relating to construction contracts and provision for onerous contracts in Note 5, 17 and 23.

OTHER INFORMATION

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

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

Independent Auditor's Report

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

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

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

29 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2020

	Note	**2020 SGD'000**	2019 SGD'000
Revenue	5	**127,492**	110,364
Cost of sales		**(136,665)**	(95,991)
Gross (loss)/profit		**(9,173)**	14,373
Other income	6	**2,843**	865
Administrative expenses		**(6,602)**	(5,256)
Listing and other expenses		**(4,448)**	(2,395)
Finance costs	7	**(123)**	(30)
(Loss)/profit before tax	8	**(17,503)**	7,557
Income tax credit/(expense)	11	**552**	(1,639)
(Loss)/profit for the year attributable to shareholders of the Company		**(16,951)**	5,918
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		**499**	–
Other comprehensive income for the year, net of tax		**499**	–
Total comprehensive (loss)/income for the year attributable to shareholders of the Company		**(16,452)**	5,918
Basic and diluted earnings per share (cents)	13	**(2.12)**	0.74

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**17,510**	17,043
Investment properties	15	**1,903**	1,934
Right-of-use assets	16	**1,306**	–
Total non-current assets		**20,719**	18,977
Current assets			
Contract assets	17	**12,828**	27,064
Trade receivables	18	**5,654**	22,888
Prepayments, deposits and other receivables	19	**7,616**	1,413
Pledged deposits	20	**4,000**	7,000
Cash and cash equivalents	20	**48,052**	3,044
Total current assets		**78,150**	61,409
Total assets		**98,869**	80,386
Current liabilities			
Contract liabilities	17	**2,647**	590
Trade payables	21	**40,462**	33,066
Other payables and accruals	22	**2,948**	750
Provisions	23	**1,932**	375
Deferred grants	24	**468**	47
Income tax payable		**–**	1,294
Borrowings	25	**1,585**	3,934
Lease liabilities	16	**14**	–
Total current liabilities		**50,056**	40,056
Net current assets		**28,094**	21,353

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
Total assets less current liabilities		**48,813**	40,330
Non-current liabilities			
Deferred grants	24	**4**	44
Borrowings	25	**5,125**	572
Lease liabilities	16	**1,316**	–
Deferred tax liabilities	26	**–**	261
Total non-current liabilities		**6,445**	877
Total liabilities		**56,501**	40,933
Net assets		**42,368**	39,453
Equity attributable to shareholders of the Company			
Issued capital	27	**1,389**	–#
Reserves	28	**40,979**	39,453
Total equity		**42,368**	39,453

\# Less than SGD500

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2020

	Notes	Issued capital SGD'000	Share premium account SGD'000	Merger reserve SGD'000 (Note 28(ii))	Foreign currency translation reserve SGD'000 (Note 28(iii))	Retained profits SGD'000	Total equity SGD'000
		Attributable to shareholders of the Company					
Year ended 30 June 2019							
At 1 July 2018		–	–	15,000	–	22,535	37,535
Profit for the year, representing total comprehensive income for the year		–	–	–	–	5,918	5,918
Dividend declared by a subsidiary to its then shareholders at SGD0.27 per share	12	–	–	–	–	(4,000)	(4,000)
Issue of a new share upon incorporation of the of the Company	27	–#	–	–	–	–	–
At 30 June 2019		–#	–	15,000*	–	24,453*	39,453
Year ended 30 June 2020							
At 1 July 2019		–#	–	15,000*	–	24,453*	39,453
Loss for the year		–	–	–	–	(16,951)	(16,951)
Other comprehensive income for the year:							
Foreign currency translation		–	–	–	499	–	499
Total comprehensive income/(loss) for the year		–	–	–	499	(16,951)	(16,452)
Issue of new shares pursuant to a Capitalisation Issue in connection with the Global Offering^	27	1,038	13,962	(15,000)	–	–	–
Issue of new shares pursuant to the Global Offering	27	351	22,438	–	–	–	22,789
Expenses incurred in connection with the Listing		–	(3,422)	–	–	–	(3,422)
At 30 June 2020		1,389	32,978*	–*	499*	7,502*	42,368

Less than SGD500.

^ During the year ended 30 June 2020, the Company made an offer to the public for subscription of its new shares and undertook an international placing of its new shares (collectively, the "**Global Offering**") in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Dealing of the Company's shares on the Stock Exchange commenced on 8 January 2020.

* These reserves accounts comprise the consolidated reserves of approximately SGD40,979,000 (2019: approximately SGD39,453,000) in the consolidated statement of financial position as at 30 June 2020.

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(17,503)**	7,557
Adjustments for:			
Bank interest income	6	**(247)**	(205)
Loss on disposal of property, plant and equipment, net	8	**13**	–
Amortisation of deferred capital grants	6	**(47)**	(47)
Finance costs	7	**123**	30
Impairment of property, plant and equipment	8	**600**	–
Depreciation of property, plant and equipment	8	**1,814**	1,754
Depreciation of investment properties	8	**31**	31
Depreciation of right-of-use assets	8	**38**	–
Write-off of trade receivables	8	**84**	–
Government grant not yet received		**(152)**	–
Provision for defect liabilities, net	23	**652**	(266)
Provision for onerous contract	23	**905**	–
Operating cash flows before changes in working capital		**(13,689)**	8,854
Decrease/(increase) in contract assets		**14,236**	(14,453)
Decrease/(increase) in trade receivables		**17,150**	(18,729)
(Increase)/decrease in prepayments, deposits and other receivables		**(5,413)**	2,797
Increase in contract liabilities		**2,057**	590
Increase in trade payables		**7,396**	17,594
Increase in other payables and accruals		**2,198**	138
Cash flows generated from/(used in) operations		**23,935**	(3,209)
Income tax paid		**(1,213)**	(1,972)
Interest paid		**(2)**	–
Net cash flows generated from/(used in) operating activities		**22,720**	(5,181)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of time deposits with original maturity of more than three months when acquired		**(9,000)**	(7,000)
Withdrawal of time deposits with original maturity of more than three months when acquired		**12,000**	13,000
Interest received		**247**	205
Purchase of items of property, plant and equipment		**(1,510)**	(1,091)
Proceeds from disposal of property, plant and equipment		**49**	6
Net cash flows generated from investing activities		**1,786**	5,120

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(121)**	(30)
Payment for lease liabilities for leasehold land		**(14)**	–
Payment of principal portion under hire purchase obligation		**(290)**	(44)
Proceeds from bank borrowings		**5,000**	–
Repayment of bank borrowings		**(103)**	(69)
Proceeds from issuance of shares, net		**19,367**	–
Cash dividends paid to the then shareholders of a subsidiary		**–**	(4,000)
Net cash flows generated from/(used in) financing activities		**23,839**	(4,143)
Net increase/(decrease) in cash and cash equivalents		**48,345**	(4,204)
Cash and cash equivalents at beginning of year		**(792)**	3,412
Effect of foreign exchange rate changes		**499**	–
Cash and cash equivalents at end of year	20	**48,052**	(792)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits	20	**30,650**	37
Time deposits	20	**21,402**	10,007
Less: Pledged deposits		**(4,000)**	(7,000)
Cash and cash equivalents as stated in the consolidated statement of financial position		**48,052**	3,044
Less: Bank overdrafts	25	**–**	(3,836)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**48,052**	(792)

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

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 7 September 2018. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands, and the headquarter and principal place of business in Singapore of the Company is located at 11 Joo Koon Crescent Singapore 629022.

The Company is an investment holding company. The Group is principally engaged in the provision of general building and construction services in Singapore.

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

The Group underwent a reorganisation (the "**Reorganisation**") as further detailed in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the prospectus of the Company dated 24 December 2019 (the "**Prospectus**"). Apart from the Reorganisation, the Company has not actively engaged in any business or operation since its incorporation.

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

Company name	Place of incorporation and operations	Nominal value of issued share capital	2020	2019	Principal activities
			%	%	
Forever Brilliant International Limited* ("**Forever Brilliant**") (Note (a))	British Virgin Islands	US$2	100	100	Investment holding
Kwan Yong Construction Pte Ltd** ("**Kwan Yong**") (Note (b))	Singapore	SGD 15,000,000	100	100	Provision of general building and construction services

* Directly held by the Company

** Indirectly held by the Company

Notes:

(a) No audited financial statements have been prepared for this entity as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation.

(b) The statutory financial statements of this entity for the year ended 30 June 2020 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

Pursuant to the Reorganisation in connection with the listing of the shares of the Company on the Stock Exchange, as more fully explained in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 13 December 2019. The Reorganisation only involved inserting new holding companies of an existing company and has not resulted in any change of economic substances. Accordingly, for the purpose of this report, the consolidated financial statements have been presented by applying the principles of pooling of interest.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 30 June 2020 and 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Company. The consolidated statements of financial position of the Group as at 30 June 2020 and 2019 have been prepared to present the assets and liabilities of the companies now comprising the Group using the existing book values of the relevant entities. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB and the disclosures requirement of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 July 2019 have been adopted by the Group in the preparation of the consolidated financial statements for the year ended 30 June 2020.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of Consolidation *(Continued)*

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

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

2.3 Adoption of New and Amended Standards and Interpretations

The Group applies IFRS 16 *Leases* for the first time using the modified retrospective method of adoption without the need to restate previous financial statements. The nature and effect of the changes as a result of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time during the year ended 30 June 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from the current accounting policy under IAS 17. The Group will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with any cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits as at 1 July 2019, and the comparative information will not be restated and continues to be reported under IAS 17. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases apply IAS 17 at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Adoption of New and Amended Standards and Interpretations *(Continued)*

IFRS 16 Leases *(Continued)*

(a) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of the recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. The requirement of IFRS 16 were applied to these leases from 1 July 2019.

(b) Leases previously accounted for as operating leases

The Group is required to pay annual land rent to Jurong Town Corporation ("**JTC**") for its leasehold property. The annual land rent is based on market rent for the relevant year and the land lease has a remaining tenure of 35 years. Before the adoption of IFRS 16, the Group classified this lease as operating leases.

Upon the adoption of IFRS 16, the Group will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset (i.e., the right-of-use asset) for the lease previously classified as operating lease. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. The Group will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. The Group will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group use the following practical expedients when applying IFRS 16 as at 1 July 2019:

– Applying short term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.

– Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Adoption of New and Amended Standards and Interpretations *(Continued)*

***IFRS 16 Leases** (Continued)*

Based on the foregoing, as at 1 July 2019:

– Right-of-use assets of approximately SGD1,344,000 were recognised and presented separately in the consolidated statement of financial position.

– Lease liabilities of approximately SGD1,344,000 were recognised.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	SGD'000
Operating lease commitments as at 30 June 2019	3,688
Less: Commitments relating to short term leases	(771)
	2,917
Weighted average incremental borrowing rate as at 1 July 2019	5.25%
Discounted operating lease commitments as at 1 July 2019	1,344

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

– Whether an entity considers uncertain tax treatments separately.

– The assumptions an entity makes about the examination of tax treatments by taxation authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Adoption of New and Amended Standards and Interpretations *(Continued)*

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment *(Continued)*

– How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

– How an entity considers changes in facts and circumstances.

Upon adoption of the interpretation, the Group considers whether it has any uncertain tax positions. The Group determines, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

– Expected to be realised or intended to be sold or consumed in the normal operating cycle

– Held primarily for the purpose of trading

– Expected to be realised within twelve months after the reporting period

Or

– Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Current versus non-current classification *(Continued)*

A liability is current when:

– It is expected to be settled in the normal operating cycle

– It is held primarily for the purpose of trading

– It is due to be settled within twelve months after the reporting period

Or

– There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Standards issued but not yet effective

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Description	**Effective for annual periods beginning on or after**
Amendments to IFRS 3 *Definition of a Business*	1 January 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Subsidiaries

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

2.7 Foreign currency

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

(a) Transactions and balances

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Foreign currency *(Continued)*

(a) Transactions and balances *(Continued)*

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

(b) Consolidated financial statements

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

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

2.8 Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Impairment of non-financial assets *(Continued)*

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

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

2.9 Property, plant and equipment

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Property, plant and equipment *(Continued)*

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

Leasehold property	39 years
Office renovation	5 years
Plant and machinery	5 years
Computers	1 year
Motor vehicles	10 years
Signboard	10 years

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

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

2.10 Investment properties

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investment properties *(Continued)*

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

2.11 Leases

These accounting policies are applied after the initial application date of IFRS 16, 1 July 2019:

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

Group as a lessee

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

(i) Right-of-use assets

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

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

– Land – 35 years.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Leases *(Continued)*

***Group as a lessee** (Continued)*

(ii) Lease liabilities

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Leases *(Continued)*

Group as a lessor

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

These accounting policies are applied before the initial application date of IFRS 16, 1 July 2019:

Group as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Group as a lessor

The accounting policy applicable to the Group as lessor in the comparative period was the same as under IFRS 16.

2.12 Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial Instruments *(Continued)*

(a) Financial assets (Continued)

Derecognition

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial Instruments *(Continued)*

(a) Financial assets (Continued)

Impairment (Continued)

General approach

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial Instruments *(Continued)*

(a) Financial assets (Continued)

Impairment (Continued)

General approach *(Continued)*

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial Instruments *(Continued)*

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Derecognition

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

Offsetting of financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Cash and cash equivalents

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

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

2.14 Provisions

General

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

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

Onerous contracts

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Income tax

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

(i) Current income tax

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

(ii) Deferred tax

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Income tax *(Continued)*

(ii) Deferred tax (Continued)

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

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

Significant financing components

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

Revenue from other sources

(a) Interest income

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

(b) Dividend income

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

(c) Rental income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Revenue recognition *(Continued)*

Contract modifications

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

Contract assets and liabilities

(a) Contract assets

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

(b) Contract liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.18 Dividends

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

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

2.19 Government grants

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

2.20 Borrowing costs

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements made in applying accounting policies

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

Recognition of construction revenue

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

The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method). Management has determined that a cost-based method for these services provide a faithful depiction of the Group's performance in transferring control of goods and services promised to the customers, as it reflects the Group's effort incurred to date relative to the total inputs expected to be incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligations within the contract.

Determining the method to estimate variable consideration and assessing the constraint for construction services

The Group seeks to collect (i) variations from customers as reimbursement of costs and margins for scope of works not included in the original construction contracts and (ii) incentive payments, which give rise to variable consideration. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for variations and incentive payments in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Estimating the contract revenue and contract costs for the construction works

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

Recognised amounts of contract revenue and contract costs reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. In making these estimates, management takes into consideration the past experience in conducting similar construction works, as well as the impact of COVID-19 on contract costs.

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date. The revenue recognised is as disclosed in Note 5.

Provision for defect liabilities

Determining the provision for defect liabilities in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise, the estimation of the timing of such incoming costs and of the future costs of carrying out such rectification works. Significant estimate is required in determining if the Group has to make provision for any potential liquidated damages exposures. The carrying amount of the provision for defect liabilities as at the end of each financial year is disclosed in Note 23.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Provision for onerous contracts

The Group estimates provision for onerous contracts for its construction contracts when it is inevitable that the unavoidable costs of meeting the obligation under the contracts exceeds the economic benefits expected to be received under the contracts. The provision is measured according to management's best estimate of the expected costs to be incurred. The estimates include an assessment of current market conditions, historical trends, as well as future expectation and is therefore subject to significant uncertainty. The carrying amount of the provision for onerous contracts as at the end of each financial year is disclosed in Note 23.

Provision for ECLs of trade receivables and contract assets

The Group applies the simplified approach to provide for ECLs as prescribed by IFRS 9, which permits the use of lifetime ECLs provisions for all trade receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking factors specific to the debtors and the economic environment. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 34(a).

Impairment of non-financial assets

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

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

4. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during the financial years ended 30 June 2020 and 2019, and the Group's total assets as at the end of the financial years ended 30 June 2020 and 2019 were derived from one single operating segment, i.e., provision of general building and construction services.

Geographical information

The Group's revenue during the financial years ended 30 June 2020 and 2019 were all derived from external customers based in Singapore, and the Group's non-current assets, excluding financial assets, as at the end the financial years ended 30 June 2020 and 2019 were all located in Singapore.

Information about major customers

Revenue from major customers, which contributed 10% or more of the Group's revenue for years ended 30 June 2020 and 2019, is set out below:

	2020	2019
	SGD'000	SGD'000
Customer A	**57,730**	50,019
Customer B	**19,895**	–
Customer C	**N/A***	17,704
Customer D	**28,039**	31,137

* The customer did not contribute 10% or more of the Group's revenue in the year ended 30 June 2020.

5. REVENUE

(a) Disaggregation revenue information

Revenue are recognised over time which represents an appropriate proportion of contract revenue of construction contracts for the provision of general building and construction services. All revenue are generated in Singapore.

Performance obligation – Construction services

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

5. REVENUE *(Continued)*

(b) Transaction price allocated to remaining performance obligation

The aggregate amounts of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations as at the end of each of the financial years are as follows:

	2020 SGD'000	2019 SGD'000
Expected to be recognised:		
Within one year	**129,323**	186,341
More than one year	**80,957**	28,200
	210,280	214,541

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

6. OTHER INCOME

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

	2020 SGD'000	2019 SGD'000
Other income		
Bank interest income	**247**	205
Government grants (note)	**2,061**	129
Amortisation of deferred capital grants	**47**	47
Rental income	**485**	480
Sundry income	**3**	4
	2,843	865

Note: During the years ended 30 June 2020 and 2019, subsidies were received by a subsidiary from various government authorities in Singapore for employment incentives, productivity improvement and 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 of approximately SGD1,944,000 (2019: Nil).

7. FINANCE COSTS

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

	2020 SGD'000	2019 SGD'000
Interest on:		
Bank overdraft	**2**	–
Term loan	**26**	23
Hire purchases	**25**	7
Lease liabilities (Note 16(b))	**70**	–
	123	30

8. (LOSS)/PROFIT BEFORE TAX

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

	Note	2020 SGD'000	2019 SGD'000
Cost of construction work		**135,760**	96,437
Onerous contract		**905**	–
Depreciation of property, plant and equipment	14	**1,814**	1,754
Less: Amount included in cost of construction work		**(1,030)**	(1,082)
		784	672
Depreciation of investment properties	15	**31**	31
Depreciation of right-of-use assets	16	**38**	–
Expensed relating to short-term leases and leases of low value assets		**510**	373
Less: Amount included in cost of construction work		**(434)**	(214)
		76	159
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**19**	48
Employee benefit expense (excluding directors' remuneration (Note 9)):			
Salaries, allowances and benefits in kind		**7,865**	6,489
Pension scheme contributions		**609**	565
		8,474	7,054
Less: Amount included in cost of construction work		**(5,630)**	(5,113)
		2,844	1,941
Provision for defect liabilities	23	**652**	–
Auditors remuneration		**160**	100
Write-off of trade receivables		**84**	–
COVID-19 related expenses		**2,287**	–
Loss on disposal of property, plant and equipment		**13**	–
Impairment of property, plant and equipment		**600**	–

9. DIRECTORS' REMUNERATION

Subsequent to the incorporation of the Company in the Caymans Island on 8 October 2018, Mr. Kwan Mei Kam was appointed as an executive director and the chief executive officer of the Company, Ms. Tay Yen Hua, Mr. Wong San Ta Jacob and Ms. Kwan Shu Ming were appointed as executive directors of the Company, and Mr. Lim Ah Lay was appointed as a non-executive director of the Company. Mr. Koh Lian Huat, Dr. Wu Dongqing and Mr. Chou Sean Yu were appointed as independent non-executive directors of the Company on 17 December 2019 and Mr. Fong Heng Boo was appointed as an independent non-executive director of the Company on 1 April 2020.

Certain directors of the Company received remuneration from a subsidiary now comprising the Group in their capacity as being directors and/or employees of that subsidiary. The remuneration of these directors as recorded in the consolidated financial statements of that subsidiary during the years ended 30 June 2020 and 2019 is set out below:

	2020	2019
	SGD'000	SGD'000
Fees	**77**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**977**	1,019
Pension scheme contributions	**46**	46
	1,100	1,065

9. DIRECTORS' REMUNERATION *(Continued)*

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

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 30 June 2020				
Executive directors				
Mr. Kwan Mei Kam	–	236	6	242
Ms. Tay Yen Hua	–	236	6	242
Mr. Wong San Ta Jacob	–	334	17	351
Ms. Kwan Shu Ming	–	171	17	188
Non-executive director				
Mr. Lim Ah Lay	18	–	–	18
Independent non-executive directors				
Mr. Koh Lian Huat	18	–	–	18
Dr. Wu Dongqing	18	–	–	18
Mr. Chou Sean Yu	18	–	–	18
Mr. Fong Heng Boo	5	–	–	5
	77	977	46	1,100
Year ended 30 June 2019				
Executive directors				
Mr. Kwan Mei Kam	–	238	6	244
Ms. Tay Yen Hua	–	238	6	244
Mr. Wong San Ta Jacob	–	433	17	450
Ms. Kwan Shu Ming	–	110	17	127
Non-executive director				
Mr. Lim Ah Lay	–	–	–	–
	–	1,019	46	1,065

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 June 2020 and 2019.

10. FIVE HIGHEST PAID EMPLOYEES

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

	2020 SGD'000	2019 SGD'000
Salaries, allowances and benefits in kind	**1,190**	1,400
Pension scheme contributions	**61**	65
	1,251	1,465

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

	Number of employees	
	2020	2019
Nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**4**	3
HKD1,500,001 to HKD2,000,000	**1**	1
HKD2,000,001 to HKD2,500,000	**–**	1
HKD6,000,000 to HKD6,500,000	**–**	–
	5	5

11. INCOME TAX (CREDIT)/EXPENSE

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

Singapore income tax has been provided at the rate of 17% (2019: 17%) on the estimated assessable profits arising in Singapore during the years ended 30 June 2020 and 2019.

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

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

	2020 SGD'000	2019 SGD'000
Current tax – Singapore:		
Charge for the year	–	1,802
Overprovision in prior years	(291)	–
	(291)	1,802
Deferred tax (Note 26)	(261)	(163)
	(552)	1,639

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

	2020 SGD'000	2019 SGD'000
(Loss)/profit before tax	(17,503)	7,557
Tax at the statutory rate of 17% (2019: 17%)	(2,975)	1,285
Income not subject to tax	(17)	(8)
Expenses not deductible for tax	537	412
Effects of partial tax exemptions, reliefs and rebates*	–	(17)
Deferred tax benefits on temporary differences not recognised	2,228	–
Adjustments in respect of current tax of previous years	(291)	–
Adjustments in respect of deferred tax of previous years	(34)	(33)
Tax (credit)/expense for the year	(552)	1,639

* Pertains to impact of partial exemption, tax rebates and enhanced capital allowance deduction granted by the Inland Revenue Authority of Singapore to the Singapore subsidiary.

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

At the end of the reporting period, the Group has tax losses of approximately SGD12,533,000 that are available for offset against future taxable profits in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

12. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation on 7 September 2018.

Prior to the Reorganisation, the directors of Kwan Yong, a subsidiary of the Company have declared dividends to its then shareholder of approximately SGD4,000,000 during the year ended 30 June 2019.

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Group	
	2020	2019
(Loss)/profit attributable to the shareholders of the Company (SGD)	**(16,951,000)**	5,918,000
Weighted average number of ordinary shares in issue	**800,000,000**	800,000,000
Basic and diluted earnings per shares (SGD cents)	**(2.12)**	0.74

The calculation of basic earnings per share is based on the (loss)/profit for the year attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the year, as if changes in the issued number of ordinary shares of the Company as disclosed in Note 27 had been completed on 1 July 2018.

No adjustment has been made to the basic earnings per share presented for the years ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties SGD'000 (Note (a))	Office renovation SGD'000	Plant and machinery SGD'000 (Note (b))	Computers SGD'000	Motor vehicles SGD'000 (Note (b))	Signboard SGD'000	Total SGD'000
30 June 2020							
At 1 July 2019:							
Cost	**14,935**	**1,222**	**4,960**	**520**	**3,414**	**20**	**25,071**
Accumulated depreciation	**(1,628)**	**(820)**	**(3,825)**	**(445)**	**(1,302)**	**(8)**	**(8,028)**
Net carrying amount	**13,307**	**402**	**1,135**	**75**	**2,112**	**12**	**17,043**
Net carrying amount:							
1 July 2019	**13,307**	**402**	**1,135**	**75**	**2,112**	**12**	**17,043**
Additions	**–**	**41**	**2,215**	**72**	**615**	**–**	**2,943**
Depreciation provided	**(383)**	**(243)**	**(736)**	**(123)**	**(327)**	**(2)**	**(1,814)**
Impairment loss	**(600)**	**–**	**–**	**–**	**–**	**–**	**(600)**
Disposals	**–**	**–**	**–**	**–**	**(62)**	**–**	**(62)**
At 30 June 2020	**12,324**	**200**	**2,614**	**24**	**2,338**	**10**	**17,510**
At 30 June 2020:							
Cost	**14,935**	**1,263**	**7,175**	**592**	**3,740**	**20**	**27,725**
Accumulated depreciation and impairment loss	**(2,611)**	**(1,063)**	**(4,561)**	**(568)**	**(1,402)**	**(10)**	**(10,215)**
Net carrying amount	**12,324**	**200**	**2,614**	**24**	**2,338**	**10**	**17,510**
30 June 2019							
At 1 July 2018:							
Cost	14,935	1,140	4,650	392	2,616	20	23,753
Accumulated depreciation	(1,245)	(585)	(3,054)	(392)	(999)	(6)	(6,281)
Net carrying amount	13,690	555	1,596	–	1,617	14	17,472
Net carrying amount:							
1 July 2018	13,690	555	1,596	–	1,617	14	17,472
Additions	–	82	323	128	798	–	1,331
Depreciation provided	(383)	(235)	(778)	(53)	(303)	(2)	(1,754)
Disposals	–	–	(6)	–	–	–	(6)
At 30 June 2019	13,307	402	1,135	75	2,112	12	17,043
At 30 June 2019:							
Cost	14,935	1,222	4,960	520	3,414	20	25,071
Accumulated depreciation	(1,628)	(820)	(3,825)	(445)	(1,302)	(8)	(8,028)
Net carrying amount	13,307	402	1,135	75	2,112	12	17,043

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

(a) The leasehold property of the Group as at the end of the financial years was pledged to a bank for a term loan granted to the Group (Note 25(b)).

(b) The carrying amounts of the Group's property, plant and equipment held under finance leases as at 30 June 2020 and 2019 are as follows:

	2020	2019
	SGD'000	SGD'000
Plant and machinery	**1,226**	–
Motor vehicles	**598**	366
	1,824	366

(c) During the year, an impairment loss of approximately SGD600,000 (2019: Nil), representing the write-down of its property, plant and equipment to its recoverable amount, has been recognised.

15. INVESTMENT PROPERTIES

	2020	2019
	SGD'000	SGD'000
At beginning of year		
Cost	**2,365**	2,365
Accumulated depreciation	**(431)**	(400)
Net carrying amount	**1,934**	1,965
At beginning of year	**1,934**	1,965
Depreciation provided during the year	**(31)**	(31)
At end of year	**1,903**	1,934
Cost	**2,365**	2,365
Accumulated depreciation	**(462)**	(431)
Net carrying amount	**1,903**	1,934

15. INVESTMENT PROPERTIES *(Continued)*

Notes:

(a) The Group's investment properties are commercial properties in Singapore which are leased to third parties, further summary details of which are included in Note 31.

(b) The Group's investment properties are initially carried at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The fair value of the investment properties as at 30 June 2020 was approximately SGD5,300,000 (2019: approximately SGD5,600,000) has been arrived at on a market value basis of a valuation carried out as at the end of the financial year by an independent professional qualified surveyor. The valuation was arrived at by reference to comparable market transactions for similar properties by direct comparison approach, assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The valuation involves the use of certain significant unobservable inputs which include adjusted transaction price of comparable properties. The fair value measurement of the investment properties falls into Level 3 of the fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

16. LEASES

The Group is required to pay annual land rent to JTC for its leasehold property. The annual rent is based on market rent for the relevant year. The land lease has a remaining tenure of 35 years. The Group's obligations under this lease is secured by the lessor's title to the leased asset. The Group is restricted from assigning and subleasing the leased asset.

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

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

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

	SGD'000
As at 1 July 2019	1,344
Depreciation provided	(38)
As at 30 June 2020	1,306

16. LEASES *(Continued)*

(b) Lease liabilities

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

	SGD'000
As at 1 July 2019	1,344
Accretion of interest	70
Payments	(84)
As at 30 June 2020	1,330
Current	14
Non-current	1,316

(c) Amounts recognised in profit or loss

	2020 SGD'000
Depreciation of right-of-use assets	38
Interest expense on lease liabilities	70
Lease expense not capitalised in lease liabilities:	
– Expense relating to short-term leases (included in cost of sales)	434
– Expenses relating to leases of short-term leases and leases of low-value assets (Included in administrative expenses)	76
Subtotal (Note 8)	510
Total amount recognised in profit or loss	618

(d) Total cash outflows

The Group had total cash outflows for lease of approximately SGD84,000 for the year ended 30 June 2020.

17. CONTRACT BALANCES

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

		2020 SGD'000	2019 SGD'000
Contract assets:			
Retention receivables	(a)	**382**	174
Other contract assets	(b)	**12,446**	26,890
Total contract assets	(c)	**12,828**	27,064
Trade receivables	18	**5,654**	22,888
Contract liabilities	(d)	**(2,647)**	(590)

Notes:

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

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

	2020 SGD'000	2019 SGD'000
Due after one year	**382**	174

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

The decrease in contracts assets during the year ended 30 June 2020 was the result of the decrease in the value of the construction works performed but have not yet been certified by the surveyors appointed by the customers at the end of the year ended 30 June 2020.

17. CONTRACT BALANCES *(Continued)*

Notes: (Continued)

(b) (Continued)

The expected timing of recovery or settlement of contract assets as at the end of each of the years ended 30 June 2020 and 2019 is as follows:

	2020 **SGD'000**	2019 SGD'000
Within one year	**11,411**	23,320
More than one year	**1,035**	3,570
Total other contract assets	**12,446**	26,890

(c) The Group applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 2020 and 2019.

(d) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue when the Group performs under the contract.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of the years ended 30 June 2020 and 2019:

	2020 **SGD'000**	2019 SGD'000
Revenue recognised that was included in the contract liabilities balance at beginning of the year	**590**	–

(e) As at 30 June 2020, performance bonds amounting to approximately SGD24,661,000 (2019: approximately SGD18,246,000) 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 by way of personal guarantees given by two directors of the Company. The Company is in the midst of replacing the personal indemnity with corporate guarantee.

18. TRADE RECEIVABLES

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

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

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has assessed the impairment of its trade receivables on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the financial years. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and loss on collection is not material, no ECL was made for trade receivables as at 30 June 2020 and 2019.

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

	2020 **SGD'000**	2019 SGD'000
Within one month	**2,417**	6,959
1 to 2 months	**896**	1,329
2 to 3 months	**20**	–
Over 3 months	**338**	101
	3,671	8,389
Unbilled receivables*	**1,983**	14,499
	5,654	22,888

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 SGD'000	2019 SGD'000
Advance payments to sub-contractors	**805**	–
Prepayments	**360**	651
Deposits	**849**	259
GST receivable	**–**	127
Government grant receivable	**1,114**	–
Tax recoverable	**210**	–
Other receivables	**4,278**	376
	7,616	1,413

Other receivables relate to purchases made on behalf of subcontractors. The amount is unsecured, interest-free and repayable on demand.

20. CASH AND CASH EQUIVALENTS

		2020 SGD'000	2019 SGD'000
Cash and bank balances other than time deposits		**30,650**	37
Time deposits		**21,402**	10,007
Total cash and bank balances	(a)	**52,052**	10,044
Less: Pledged deposits	(b)	**(4,000)**	(7,000)
Cash and cash equivalents		**48,052**	3,044

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong Dollars amounted to approximately SGD19,831,000 (2019: Nil).

Notes:

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

(b) Time deposits of SGD4,000,000 (2019:SGD7,000,000) as at 30 June 2020 was pledged to banks as securities for the Group's bank overdraft facilities (Note 25).

21. TRADE PAYABLES

		2020 SGD'000	2019 SGD'000
Trade payables	(a)	**29,174**	25,280
Retention payables	(b)	**11,288**	7,786
		40,462	33,066

Notes:

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

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

	2020 SGD'000	2019 SGD'000
Within one month	**193**	3,933
1 to 2 months	**174**	1,419
2 to 3 months	**181**	73
Over 3 months	**821**	175
	1,369	5,600
Unbilled payables *	**27,805**	19,680
	29,174	25,280

* Unbilled payables are accrued subcontractor costs but related invoices have not been received as at the end of the reporting period.

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

21. TRADE 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:

	2020 **SGD'000**	2019 SGD'000
Due within one year	**2,450**	3,322
Due after one year	**8,838**	4,464
	11,288	7,786

22. OTHER PAYABLES AND ACCRUALS

	2020 **SGD'000**	2019 SGD'000
Accruals	**515**	655
Advance received from customers	**1,740**	–
Deposits received	**95**	95
GST payable	**598**	–
	2,948	750

23. PROVISIONS

	Defect liabilities SGD'000	**Onerous contracts** SGD'000	**Total** SGD'000
At 1 July 2018	641	–	641
Utilised during the year	(266)	–	(266)
At 30 June 2019 and 1 July 2019	375	–	375
Additional provision made during the year	652	905	1,557
At 30 June 2020	1,027	905	1,932

23. PROVISIONS *(Continued)*

Provision for defect liabilities is recognised for expected claim on defective works for completed construction projects, based on the Group's expectation and past experience of the level of repair works.

Provision for onerous contracts relates to unavoidable costs of meeting the obligation under the construction contracts with customers, which exceeds the economic benefits expected to be received under the contracts.

24. DEFERRED GRANTS

	2020	2019
	SGD'000	SGD'000
Deferred capital grants	**44**	91
Deferred income grant	**428**	–
	472	91
Net carrying amount:		
Current	**468**	47
Non-current	**4**	44
	472	91

Notes:

(a) Deferred capital grants relate to grants received from Building and Construction Authority of Singapore under the Productivity Innovation Project Scheme for equipment purchased and used in connection with projects. These grants are amortised and recognised as other income in profit or loss on the straight-line basis over the useful lives of the relevant equipment. Amounts that are to be recognised in profit or loss beyond one year after the reporting period end are presented in non-current liabilities section of the consolidated statements of financial position.

(b) Deferred income grant relates to grant receivable from Inland Revenue Authority of Singapore under the Jobs Support Scheme for providing wage support to companies to help them to retain local employees. This grant is to be amortised and recognised in profit or loss over the periods in which the Group recognises the related costs as expenses for which the grant is intended to compensate. The grant is to be recognised in profit or loss within one year from the end of the reporting period.

25. BORROWINGS

		2020 SGD'000	2019 SGD'000
Borrowings comprise:			
Hire purchase payables (Note 14(b))		**1,339**	196
Bank overdraft, secured	(a)	**–**	3,836
Bank loans	(b)	**5,371**	474
		6,710	4,506
Portion classified as current liabilities		**(1,585)**	(3,934)
Non-current portion		**5,125**	572
Analysed into amounts repayable:			
On demand		**–**	3,836
Within one year		**1,585**	98
In the second year		**1,479**	104
In the third to fifth years, inclusive		**3,326**	105
Beyond five years		**320**	363
		6,710	4,506

Notes:

(a) The bank overdraft is denominated in SGD, repayable on demand, bears an effective interest at rate from 4.50% to 5.00% per annum and is secured by:

(i) existing deed of guarantee and indemnity for all monies from the Company; and

(ii) existing charge of cash and security agreement (first party) for deposits amounting to not less than approximately SGD3,000,000 (Note 20(b)).

(b) The bank loans denominated in SGD includes term loan of approximately SGD450,000 (2019: approximately SGD474,000) and bridging loan of approximately SGD4,921,000 (2019: Nil).

The term loan bears fixed interest rate at 2.68% (2019: 3-month SIBOR + 3%) per annum. The term loan is repayable in 24 years by monthly instalments commencing from May 2015 and is secured by way of:

(i) first legal mortgage on the Group's leasehold property (Note 14(a)); and

(ii) corporate guarantee of the Company.

The bridging loan is unsecured, bears fixed rate of 2.00% (2019: Nil) per annum and is repayable over 5 years by monthly instalments commencing from May 2020.

26. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years ended 30 June and 2019 are as follows:

	Arising from			
	Depreciation allowance in excess of related depreciation SGD'000	Provision for defect liabilities SGD'000	Others SGD'000	Total SGD'000
At 1 July 2018	296	(108)	236	424
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	29	44	(236)	(163)
At 30 June 2019 and 1 July 2019	325	(64)	–	261
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	(325)	64	–	(261)
At 30 June 2020	–	–	–	–

27. SHARE CAPITAL

	2020 HKD'000	2019 HKD'000
Authorised:		
15,000,000,000 (2019: 38,000,000) ordinary share of HKD0.01 each	**150,000**	380

	2020 SGD'000	2019 SGD'000
Issued and fully paid:		
800,000,000 (2019: 1) ordinary share of HKD0.01	**1,389**	–#

Less than SGD500

27. SHARE CAPITAL *(Continued)*

The movement in the Company's issued capital from its date of incorporation of 7 September 2018 to 30 June 2020 is as follows:

	Number of shares in issue	Issued capital SGD'000	Total SGD'000
Issue of a new share upon incorporation on 7 September 2018 (Note (a))	1	–#	–#
As at 30 June 2019	1	–#	–#
Issue of new shares for acquisition of subsidiaries pursuant to Reorganisation (Note (b))	2	–#	–#
Issue of new shares pursuant to Capitalisation Issue (Note (c))	599,999,997	1,038	1,038
Issue of new shares in connection with the Listing (Note (d))	200,000,000	351	351
At 30 June 2020	800,000,000	1,389	1,389

\# Less than SGD500

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 September 2018 with an authorised share capital of HKD380,000 divided into 38,000,000 shares of HKD0.01 each, of which one share was allotted and issued at par value on the same date.

(b) On 13 December 2019, pursuant to a reorganisation agreement entered into between the Company and two directors of the Company, as part of the Reorganisation, the Company issued a total of 2 ordinary shares of HKD0.01 each as consideration for the acquisition of the entire equity interests in Forever Brilliant which is the then holding company of Kwan Yong, as further detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

(c) Pursuant to the written resolutions passed by shareholders of the Company on 17 December 2019, the Directors were authorised to capitalise an aggregate amount of HKD5,999,999 standing to the credit of the share premium of the Company as a result of the Global Offering and to appropriate such amount as capital to pay up in full par 599,999,997 shares of HKD0.01 each allotment and issue to the persons whose names appear on the register of members of the Company immediately prior to the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**"), each ranking pari passu in all respect with the then existing issued shares (the "**Capitalisation Issue**"). The Capitalisation Issue had been completed on 8 January 2020.

(d) On 7 January 2020, 200,000,000 ordinary shares of par value HKD0.01 each were issued at a price of HKD0.65 per share in connection with the Listing for a total proceeds of approximately SGD19,367,000, net of listing expenses of approximately SGD3,422,000, of which HKD2,000,000 (equivalent to approximately SGD351,000) representing the par value were credited to the Company's share capital and the remaining proceeds of approximately HKD108,488,000 (equivalent to approximately SGD19,016,000) were credited to the share premium account. The shares of the Company have been listed on the Main Board of the Stock Exchange since 8 January 2020.

28. RESERVES

(i) The amounts of the Group's reserves and the movements therein for the years ended 30 June 2020 and 2019 are presented in the consolidated statement of changes in equity.

(ii) Merger reserve

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interests method, as described in Note 2.1.

(iii) Foreign currency translation reserve

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

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

During the year ended 30 June 2020, the Group purchased certain property, plant and equipment with a total capital value of approximately SGD1,692,000 (2019: approximately SGD400,000) under finance lease arrangements. Of these amounts, approximately SGD259,000 (2019: approximately SGD160,000) was paid as down payments and the remaining balances of approximately SGD1,433,000 (2019: approximately SGD240,000) was financed by entering into finance lease arrangements during the year ended 30 June 2020.

(b) Changes in liabilities arising from financing activities during the years ended 30 June 2020 and 2019 are as follows:

	2019	Changes from financing activities	Non-cash transactions	Finance cost	2020
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Bank loans	474	4,871	–	26	5,371
Hire purchase payables	196	(315)	1,433	25	1,339
Lease liabilities	1,344	(84)	–	70	1,330
	2,014	4,472	1,433	121	8,040

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities during the years ended 30 June 2020 and 2019 are as follows: *(Continued)*

	2018	Changes from financing activities	Non-cash transactions	Finance cost	2019
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Bank loans	543	(92)	–	23	474
Hire purchase payables	–	(51)	240	7	196
	543	(143)	240	30	670

30. CAPITAL COMMITMENTS

As at 30 June 2020, the Group had no capital commitment (2019: approximately SGD1,556,000), which were not recognised in the consolidated financial statements.

31. OPERATING LEASE ARRANGEMENT

The Group leases its investment properties under operating lease arrangements. These non-cancellable leases have remaining lease terms of between 6 and 15 months. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	2020	2019
	SGD'000	SGD'000
Within one year	**427**	485
In the second to fifth years, inclusive	**93**	304
	520	789

32. RELATED PARTY DISCLOSURES

(a) The Group had no other outstanding balances with related parties as at the end of each financial year.

(b) During the year ended 30 June 2020, certain performance bonds of the Group were guaranteed by two directors of the Company, as set out in Notes 17(e).

(c) The compensation of the key management personnel of the Group is set out below:

	2020	2019
	SGD'000	SGD'000
Directors' fees	**77**	–
Salaries, allowance and benefits in kind	**1,515**	1,623
Pension scheme contribution	**95**	98
	1,687	1,721
Comprising amounts paid to:		
Directors of the Company	**1,100**	1,065
Other key management personnel	**587**	656
	1,687	1,721

(d) The Group had the following material transaction with a director of the Company during the reporting period:

	2020	2019
	SGD'000	SGD'000
Director of the Company		
Purchase of motor vehicle	**155**	–

The transaction was determined with reference to prevailing market price.

33. FINANCIAL INSTRUMENTS BY CATEGORIES

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

	2020 SGD'000	2019 SGD'000
Financial assets at amortised cost		
Trade receivables	**5,654**	22,888
Deposits and other receivables	**6,241**	635
Pledged deposits	**4,000**	7,000
Cash and cash equivalents	**48,052**	3,044
Total financial assets measured at amortised cost	**63,947**	33,567
Financial liabilities at amortised cost		
Trade payables	**40,462**	33,066
Other payables	**319**	458
Borrowings	**6,710**	4,506
Lease liabilities	**1,330**	–
Total financial liabilities measured at amortised cost	**48,821**	38,030

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk

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

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

Excessive risk concentration of trade receivables

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

Identified concentrations of credit risks are controlled and managed accordingly. As at 30 June 2020, 42% (2019: 55%) of the Group's trade receivables were due from a major customer which is a ministry of the Government of Singapore.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Liquidity risk

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

Analysis of financial liabilities by remaining contractual maturities

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

	Weighted average effective interest rate	Carrying amounts	1 year or less	1 to 5 years	Over 5 years	Total
	%	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
As at 30 June 2020						
Trade payables		**40,462**	**40,462**	**–**	**–**	**40,462**
Financial liabilities included in other payables and accruals		**319**	**319**	**–**	**–**	**319**
Borrowings	**3.67**	**5,371**	**1,088**	**4,292**	**391**	**5,771**
Hire purchase payables	**2.00**	**1,339**	**633**	**761**	**–**	**1,394**
Lease liabilities	**5.25**	**1,330**	**85**	**336**	**2,417**	**2,838**
		48,821	**42,587**	**5,389**	**2,808**	**50,784**
As at 30 June 2019						
Trade payables		33,066	33,066	–	–	33,066
Financial liabilities included in other payables and accruals		458	458	–	–	458
Borrowings	3.76	4,310	3,879	173	469	4,521
Hire purchase payables	2.71	196	87	122	–	209
		38,030	37,490	295	469	38,254

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank borrowings.

Sensitivity analysis for interest rate risk

The Group's exposure to interest rate risk is minimal as the interest rate on the bank borrowing is fixed. The Group manages its interest rate on an ongoing basis with the primary objective of limiting the extent to which net interest expenses could be affected by an adverse movement of rates.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 2019.

	Group	
	2020	2019
	SGD'000	SGD'000
Borrowings	**6,710**	4,506
Lease liabilities	**1,330**	–
Total debt	**8,040**	4,506
Total equity	**42,368**	39,453
Gearing ratio	**19.0%**	11.4%

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2020 **SGD'000**	2019 SGD'000
NON-CURRENT ASSETS		
Investment in subsidiary	**15,000**	–
CURRENT ASSETS		
Prepayment	**15**	–
Cash and cash equivalents	**19,831**	4
Total current assets	**19,846**	4
CURRENT LIABILITIES		
Other payables and accruals	**168**	9
Amount due to a subsidiary	**757**	–
Total current liabilities	**925**	9
Net current assets	**18,921**	(5)
Net assets	**33,921**	(5)
EQUITY		
Share capital	**1,389**	–#
Reserve (note)	**32,532**	(5)
	33,921	(5)

Less than SGD500

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

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

	Share premium SGD'000	Accumulated loss SGD'000	Foreign currency translation reserve SGD'000	Total SGD'000
At 7 September 2018 (date of incorporation)	–	–	–	–
Loss for the period and total comprehensive income	–	(5)	–	(5)
At 30 June 2019 and 1 July 2019	–	(5)	–	(5)
Loss for the year	–	(928)	–	(928)
Other comprehensive income				
Foreign currency translation	–	–	487	487
Total comprehensive loss	–	(928)	487	(441)
Issue of new shares pursuant to a Capitalisation Issue in connection with the Global Offering	13,962	–	–	13,962
Issue of new shares pursuant to the Global Offering	22,438	–	–	22,438
Expenses incurred in connection with the Listing	(3,422)	–	–	(3,422)
At 30 June 2020	32,978	(933)	487	32,532

36. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements for the year ended 30 June 2020 were authorised for issue by the board of directors of the Company on 29 September 2020.

Financial Summary

RESULTS

	For the year ended 30 June			
	2020	2019	2018	2017
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	**127,492**	110,364	53,883	78,664
Cost of sales	**(136,665)**	(95,991)	(43,894)	(69,373)
Gross (loss)/profit	**(9,173)**	14,373	9,989	9,291
(Loss)/profit before tax	**(17,503)**	7,557	7,730	6,058
Income tax credit/(expense)	**552**	(1,639)	(1,474)	(854)
(Loss)/profit for the year	**(16,951)**	5,918	6,256	5,204
Other comprehensive income	**499**	–	–	–
Total comprehensive (loss)/income	**(16,452)**	5,918	6,256	5,204

ASSETS AND LIABILITIES

	As at 30 June			
	2020	2019	2018	2017
	SGD'000	SGD'000	SGD'000	SGD'000
Total assets	**98,869**	80,386	59,537	81,264
Total liabilities	**(56,501)**	(40,933)	(22,002)	(41,433)
	42,368	39,453	37,535	39,831
Total equity	**42,368**	39,453	37,535	39,831