



KING WAN CORPORATION LIMITED
(Company Registration No. 200001034R)

**Unaudited Condensed
Interim Financial Statements
For the Second Half and Full Year Ended 31 March 2023**

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND HALF AND FULL YEAR ENDED 31 MARCH 2023

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KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND HALF AND FULL YEAR ENDED 31 MARCH 2023

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

	Note	Group			Group		
		Second Half	Second Half	Increase/ (Decrease) %	Full Year	Full Year	Increase/ (Decrease) %
		Ended 31.03.2023 S\$'000	Ended 31.03.2022 S\$'000		Ended 31.03.2023 S\$'000	Ended 31.03.2022 S\$'000	
Revenue	5	51,255	41,552	23	92,433	77,192	20
Cost of sales		(50,642)	(37,440)	35	(91,978)	(69,468)	32
Gross profit		613	4,112	(85)	455	7,724	(94)
Other operating income		602	603	(0)	1,337	1,313	2
Administrative expenses		(3,106)	(2,968)	5	(8,432)	(5,496)	53
Other operating expenses		10	8	25	(50)	-	nm
Share of (loss)/profit of associates and joint venture		(46)	125	(137)	12	179	(93)
Change in loss allowance on trade receivables, other receivables and contract assets		2,477	(1,618)	(253)	2,352	(2,507)	(194)
Finance costs		(804)	(298)	170	(1,275)	(665)	92
(Loss)/Profit before income tax	7	(254)	(36)	606	(5,601)	548	(1,122)
Income tax credit	8	502	184	173	782	35	2,134
Profit/(Loss) for the financial period/year		248	148	68	(4,819)	583	(927)
Other comprehensive loss:							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Net change in fair value of equity securities carried at fair value through other comprehensive income ("FVTOCI")		68	(2,929)	(102)	(2,093)	2,436	(186)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		(265)	(26)	919	(92)	-	nm
Other comprehensive (loss)/income for the financial period/year		(197)	(2,955)	(93)	(2,185)	2,436	(190)
Total comprehensive income/(loss) for the financial period/year		51	(2,807)	(102)	(7,004)	3,019	(332)
Profit/(Loss) attributable to:							
Owners of the Company		261	170	54	(4,794)	605	(892)
Non-controlling interests		(13)	(22)	(41)	(25)	(22)	14
		248	148	68	(4,819)	583	(927)
Total comprehensive income/(loss) attributable to:							
Owners of the Company		64	(2,785)	(102)	(6,979)	3,041	(329)
Non-controlling interests		(13)	(22)	(41)	(25)	(22)	14
		51	(2,807)	(102)	(7,004)	3,019	(332)
Earnings/(Losses) per share (cents)							
Basic and diluted		0.03	(0.02)		(0.69)	0.10	

nm : not meaningful

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at	As at	As at	As at
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>					
Current assets					
Cash and bank balances		11,001	17,649	73	4,516
Trade receivables	12	11,824	7,795	-	-
Other receivables and prepayments	14	6,494	6,458	11	12
Amount due from subsidiaries		-	-	10,445	5,428
Held-for-trading investments		108	162	-	-
Inventories		1,052	1,392	-	-
Contract assets	13	25,911	23,226	-	-
Total current assets		56,390	56,682	10,529	9,956
Non-current assets					
Other receivables	14	41,635	38,085	-	-
Property, plant and equipment	15	2,106	1,987	-	-
Right-of-use assets		1,907	2,324	-	-
Investment in subsidiaries		-	-	35,707	31,706
Investment in associates and joint venture		4,230	4,115	1,732	942
Investments	16	19,520	21,611	14,975	16,602
Deferred tax assets		1,254	359	-	-
Total non-current assets		70,652	68,481	52,414	49,250
Total assets		127,042	125,163	62,943	59,206
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank borrowings	17	8,458	8,433	-	-
Trade payables and bills payables	18	48,466	36,965	-	-
Other payables		2,150	1,691	701	543
Contract liabilities		2,272	2,059	-	-
Lease liabilities	17	429	457	-	-
Amount due to a subsidiary		-	-	18,734	17,330
Provision for liabilities	19	865	2,228	-	-
Income tax payable		104	446	-	-
Total current liabilities		62,744	52,279	19,435	17,873
Non-current liabilities					
Bank borrowings	17	1,500	2,758	-	-
Lease liabilities	17	694	1,018	-	-
Total non-current liabilities		2,194	3,776	-	-
Total liabilities		64,938	56,055	19,435	17,873
Capital, reserves and non-controlling interests					
Share capital	20	53,797	53,797	53,797	53,797
Retained earnings		33,068	37,862	8,770	4,968
Foreign currency translation reserve		(182)	(90)	-	-
Investment revaluation reserve		(24,535)	(22,442)	(19,059)	(17,432)
Equity attributable to owners of the Company		62,148	69,127	43,508	41,333
Non-controlling interests		(44)	(19)	-	-
Total equity		62,104	69,108	43,508	41,333
Total liabilities and equity		127,042	125,163	62,943	59,206

The accompanying notes form an integral part of these financial statements.

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Full Year Ended 31.03.2023 S\$'000	Full Year Ended 31.03.2022 S\$'000
Operating activities		
(Loss)/Profit before income tax	(5,601)	548
Adjustments for:		
Allowance/(Reversal) for inventory obsolescence	12	(56)
Bad debts written off on trade receivables, other receivables and contract assets	1,047	13
Change in fair value of held-for-trading investments	54	(5)
Change in fair value of insurance contract	(2)	(8)
Depreciation of property, plant and equipment	607	592
Depreciation of right-of-use assets	536	496
Dividend income from held-for-trading investments	(*)	(*)
Dividend income from investment in equity securities carried at FVTOCI	-	(472)
Fee income from financial guarantee to associates and joint venture	(79)	(97)
Gain on disposal of property, plant and equipment	(70)	(80)
Gain on disposal on right-of-use assets	(5)	-
Interest income	(881)	(729)
Interest expense	1,275	665
Change in loss allowance for trade receivables, other receivables and contract assets	(2,352)	2,507
Share of profit of associates and joint venture	(12)	(179)
Provision for liabilities	80	13
Operating cash flows before movements in working capital	(5,391)	3,208
Trade receivables	(4,524)	1,249
Other receivables and prepayments	28	197
Contract assets	(3,770)	(841)
Contract liabilities	213	331
Inventories	328	(133)
Trade payables and bills payables	11,501	929
Other payables	539	93
Provision for liabilities	(1,443)	(106)
Cash (used in)/generated from operations	(2,519)	4,927
Income tax paid	(452)	(312)
Interest paid	(1,275)	(665)
Net cash (used in)/from operating activities	(4,246)	3,950
Investing activities		
Interest received	28	8
Increase in investment in an associate	(125)	-
Advances to associates and joint venture	(503)	(163)
Repayments from an associate	570	-
Dividends received from held-for-trading investments	*	*
Dividends received from investment in equity securities carried at FVTOCI	-	472
Purchase of property, plant and equipment	(754)	(601)
Proceeds from disposal of property, plant and equipment	98	119
Proceeds from disposal of right-of-use assets	45	-
Purchase of right-of-use assets	-	(65)
Net cash used in investing activities	(641)	(230)
Financing activities		
Proceeds from issue of shares	-	6,983
Proceeds from issue of shares in subsidiary to non-controlling shareholder	-	3
Repayments of lease liabilities	(511)	(552)
Repayments of bank borrowings	(1,233)	(3,634)
Net cash (used in)/from financing activities	(1,744)	2,800
Net (decrease)/increase in cash and cash equivalents	(6,631)	6,520
Cash and cash equivalents at the beginning of the financial year	17,649	11,130
Effect of foreign exchange rate changes on balances held in foreign currencies	(17)	(1)
Cash and cash equivalents at end of the financial year	11,001	17,649

* Amount less than \$1,000.

Note A:

During the current financial year, the Group acquired right-of-use assets with an aggregate cost of \$159,000 (2022: S\$486,000) of which \$159,000 (2022: S\$421,000) was financed by hire-purchase agreements.

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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Investment revaluation reserve S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group								
Balance as at 1 April 2021		46,814	37,257	(90)	(24,878)	59,103	-	59,103
Total comprehensive income for the financial year:								
Profit for the financial year		-	605	-	-	605	(22)	583
Other comprehensive income for the financial year		-	-	-	2,436	2,436	-	2,436
Total		-	605	-	2,436	3,041	(22)	3,019
Transactions with owners, recognised directly in equity:								
Increase in share capital	20	6,983	-	-	-	6,983	-	6,983
Transaction with non-controlling interests arising from incorporation of a subsidiary		-	-	-	-	-	3	3
Balance as at 31 March 2022		53,797	37,862	(90)	(22,442)	69,127	(19)	69,108
Balance as at 1 April 2022		53,797	37,862	(90)	(22,442)	69,127	(19)	69,108
Total comprehensive loss for the financial year:								
Loss for the financial year		-	(4,794)	-	-	(4,794)	(25)	(4,819)
Other comprehensive loss for the financial year		-	-	(92)	(2,093)	(2,185)	-	(2,185)
Total		-	(4,794)	(92)	(2,093)	(6,979)	(25)	(7,004)
Balance as at 31 March 2023		53,797	33,068	(182)	(24,535)	62,148	(44)	62,104
Company								
Balance as at 1 April 2021		46,814	5,936	-	(19,324)	33,426	-	33,426
Total comprehensive income for the financial year:								
Loss for the financial year		-	(968)	-	-	(968)	-	(968)
Other comprehensive income for the financial year		-	-	-	1,892	1,892	-	1,892
Total		-	(968)	-	1,892	924	-	924
Transactions with owners, recognised directly in equity:								
Increase in share capital	20	6,983	-	-	-	6,983	-	6,983
Balance as at 31 March 2022		53,797	4,968	-	(17,432)	41,333	-	41,333
Balance as at 1 April 2022		53,797	4,968	-	(17,432)	41,333	-	41,333
Total comprehensive income for the financial year:								
Profit for the financial year		-	3,802	-	-	3,802	-	3,802
Other comprehensive loss for the financial year		-	-	-	(1,627)	(1,627)	-	(1,627)
Total		-	3,802	-	(1,627)	2,175	-	2,175
Balance as at 31 March 2023		53,797	8,770	-	(19,059)	43,508	-	43,508

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

King Wan Corporation Limited (the "Company") is incorporated in Singapore with its registered office and principal place of business at No. 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements for the second half and full year ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principle activities of the Group are those relating to provision of mechanical and electrical engineering services, rental of mobile lavatories and other facilities, and other investments.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the financial year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), except for the adoption of amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Going concern

The Group reported a net loss attributable to owners of the Company of S\$4,794,000 for the financial year ended 31 March 2023, and as of that date, the Group's and the Company's current liabilities exceeded its current assets by S\$6,354,000 and S\$8,906,000 respectively.

In view of these circumstances, the Directors of the Company have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern for the next 12 months from the date of this announcement. For this purpose, management has prepared a month-to-month consolidated cash flows forecast up to 30 June 2023 (the "Cash Flows Forecast") based on the latest available financial information. The following judgement and assumptions have been taken by management in the Cash Flows Forecast:

- (i) Construction activities will be in full operation according to projected schedule and monthly cash collections will be received according to contractual terms; and
- (ii) Continued support from the Group's existing bankers in providing banking and other credit facilities and access to undrawn credit facilities. The short term revolving credit facilities are assumed to be rolled over as and when they fall due.

Based on the assessment, the Directors are confident that the Group and the Company will be able to pay its debts as and when they fall due for the next 12 months.

2.1. New and amended standards adopted by the Group

On 1 April 2022, the Group and the Company adopted all the revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material financial effect on the amounts reported for the current or prior financial years.

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2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Notes 5 & 18 : Revenue recognition and contract costs from construction contracts including provision for liabilities
- Notes 12 & 13 : Loss allowances for trade receivables and contract assets
- Note 14 : Recoverability of amounts due from associates and joint venture

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period/year.

4. Segment and revenue information

The Group is organised into the following reportable business segments under SFRS(I) 8:

Segment	Principal activities
Plumbing and sanitary	Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.
Electrical & ACMV	Provision of electrical engineering services include the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air-conditioning and mechanical ventilation systems.
Toilet rental	Rental and operating of mobile lavatories and other facilities.
Investment holdings	The Group's investment in associates and joint venture, and investment in equity securities carried at FVTOCI.
Others	For those other activities which do not fall into the above categories.

These operating segments are reported in a manner consistent with internal reporting provided to Managing Director and Executive Director who are responsible for allocating resources and assessing performance of the operating segments.

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Business segments

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
1 Oct 2022 to 31 March 2023							
Revenue							
External sales	23,107	26,021	2,121	-	6	-	51,255
Intersegment sales	18	-	48	-	-	(66)	-
Total revenue	23,125	26,021	2,169	-	6	(66)	51,255
Results							
Segment result	(3,009)	77	590	2,770	-	83	511
Unallocated expenses							(483)
Net other operating income							522
Finance costs							(804)
Loss before income tax							(254)
Income tax credit							502
Profit for the financial period							248
Other Information							
Capital expenditures additions	76	35	135	-	192	-	438
Fee income from financial guarantee to associates and joint venture	-	-	-	(40)	79	-	39
Depreciation	11	10	138	-	424	-	583
Change in loss allowance for:							
- amounts due from associates	-	-	-	(2,945)	-	-	(2,945)
- other receivables	-	-	-	-	(64)	-	(64)
- trade receivables and contract assets	284	226	22	-	-	-	532

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Business segments (cont'd)

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
1 Oct 2021 to 31 March 2022							
Revenue							
External sales	23,060	15,719	2,301	472	-	-	41,552
Intersegment sales	-	-	22	-	-	(22)	-
Total revenue	<u>23,060</u>	<u>15,719</u>	<u>2,323</u>	<u>472</u>	<u>-</u>	<u>(22)</u>	<u>41,552</u>
Results							
Segment result	<u>550</u>	<u>250</u>	<u>350</u>	<u>(241)</u>	<u>-</u>	<u>94</u>	<u>1,003</u>
Unallocated expenses							(1,259)
Net other operating income							518
Finance costs							<u>(298)</u>
Loss before income tax							(36)
Income tax expense							<u>184</u>
Profit for the financial period							<u><u>148</u></u>
Other Information							
Capital expenditures additions	11	10	529	-	157	-	707
Fee income from financial guarantee to associates and joint venture	-	-	-	-	48	-	48
Depreciation	6	5	137	-	411	-	559
Change in loss allowance for:							
- amounts due from associates	-	-	-	838	-	-	838
- other receivables	-	-	-	-	6	-	6
- trade receivables and contract assets	<u>182</u>	<u>605</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774</u>

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Business segments (cont'd)

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
<u>1 April 2022 to</u>							
<u>31 March 2023</u>							
Revenue							
External sales	46,619	41,675	4,128	-	11		92,433
Intersegment sales	200	-	91	-	-	(291)	-
Total revenue	46,819	41,675	4,219	-	11	(291)	92,433
Results							
Segment result	(6,320)	(1,758)	923	2,703	6	123	(4,323)
Unallocated expenses							(1,197)
Net other operating income							1,194
Finance costs							(1,275)
Loss before income tax							(5,601)
Income tax credit							782
Loss for the financial year							(4,819)
Other Information							
Capital expenditures additions	202	104	284	-	323	-	913
Fee income from financial guarantee to associates and joint venture	-	-	-	-	79	-	79
Depreciation	18	17	270	-	838	-	1,143
Change in loss allowance for:							
- amounts due from associates	-	-	-	(2,820)	-	-	(2,820)
- other receivables	-	-	-	-	(64)	-	(64)
- trade receivables and contract assets	284	226	22	-	-	-	532
<u>As at 31 March 2023</u>							
Assets							
Segment assets	21,392	16,715	3,080	68,556	19	-	109,762
Unallocated assets							17,280
Consolidated total assets							127,042
Liabilities							
Segment liabilities	23,088	28,280	682	-	-	-	52,050
Unallocated liabilities							12,888
Consolidated total liabilities							64,938

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Business segments (cont'd)

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
<u>1 April 2021 to 31 March 2022</u>							
Revenue							
External sales	42,027	29,886	4,807	472	-	-	77,192
Intersegment sales	-	-	50	-	-	(50)	-
Total revenue	42,027	29,886	4,857	472	-	(50)	77,192
Results							
Segment result	1,506	(621)	1,197	(187)	-	96	1,991
Unallocated expenses							(1,937)
Net other operating income							1,159
Finance costs							(665)
Profit before income tax							548
Income tax expense							35
Profit for the financial year							583
Other Information							
Capital expenditures additions	18	17	630	-	422	-	1,087
Fee income from financial guarantee to associates and joint venture	-	-	-	-	97	-	97
Depreciation	12	11	257	-	808	-	1,088
Change in loss allowance for:							
- amounts due from associates	-	-	-	838	-	-	838
- other receivables	-	-	-	-	6	-	6
- trade receivables and contract assets	721	955	(13)	-	-	-	1,663
<u>As at 31 March 2022</u>							
Assets							
Segment assets	22,162	9,326	3,219	67,153	24	-	101,884
Unallocated assets							23,279
Consolidated total assets							125,163
Liabilities							
Segment liabilities	25,182	15,252	569	-	-	-	41,003
Unallocated liabilities							15,052
Consolidated total liabilities							56,055

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Geographical segments

The Group operates mainly in Singapore. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue				Non-current assets	
	Second Half	Second Half	Full Year	Full Year	As at	As at
	Ended	Ended	Ended	Ended	31.03.2023	31.03.2022
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	S\$'000	S\$'000
	S\$'000	S\$'000	S\$'000	S\$'000		
Singapore	51,255	41,552	92,433	77,192	7,789	7,991

Non-current assets above exclude investments held in Thailand.

Information about major customers

Included in revenues arising from construction contracts on plumbing and sanitary, and electrical services of \$88,294,000 (2022: \$71,913,000) are revenues of approximately \$31,675,000 (2022: \$23,551,000) which arose from construction works performed to the Group's 2 (2022: 2 external customers).

5. Revenue

The Group derives its revenue from the transfer of services over time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 4).

A disaggregation of the Group's revenue for the financial period/year is as follows:

	Group		Group	
	Second Half	Second Half	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue from:				
Construction contracts				
- Plumbing and sanitary	23,107	23,060	46,619	42,027
- Electrical & ACMV	26,021	15,719	41,675	29,886
Rendering of services	-	-		
- Toilet rental	2,127	2,301	4,139	4,807
Investment holdings				
- Dividend income from investment in equity securities carried at FVTOCI	-	472	-	472
	51,255	41,552	92,433	77,192
<i>Timing of revenue recognition</i>				
Over time	51,255	41,080	92,433	76,720
Right to receive established	-	472	-	472
	51,255	41,552	92,433	77,192

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6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2023 and 31 March 2022:

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	70,744	69,833	10,518	9,944
Fair value through profit or loss	349	401	-	-
Fair value through other comprehensive income	19,279	21,372	14,975	16,602
	<u>90,372</u>	<u>91,606</u>	<u>25,493</u>	<u>26,546</u>
Financial liabilities				
Financial liabilities at amortised cost	61,697	51,322	19,435	17,873

7. Profit/(Loss) before income tax

7.1. Significant items

	Group		Group	
	Second Half Ended 31.03.2023	Second Half Ended 31.03.2022	Full Year Ended 31.03.2023	Full Year Ended 31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Other income				
Lease income from:				
- Associate	8	8	16	16
- External parties	-	-	-	-
Government grants	(20)	167	65	184
Management fee income from associates	54	55	109	109
Interest income from:				
- Associates and joint venture	379	266	853	721
- External parties	22	5	28	8
Fee income from financial guarantee to associates and joint venture	39	48	79	97
Gain on disposal of property, plant and equipment	34	46	70	80
Expenses				
Depreciation of property, plant and equipment	315	309	607	592
Depreciation of right-of-use assets	268	250	536	496
Change in loss allowance for:				
- trade receivables	491	1,161	495	1,302
- other receivables	(64)	6	(64)	6
- contract assets	37	(387)	37	361
- amounts due from associates	(2,945)	838	(2,820)	838
Contract asset written off	(1)	13	1,047	13

7.2. Related party transactions

In addition to the related party transactions disclosed elsewhere in the condensed interim financial statements, the Group has the following significant related party transactions:

	Group	
	Full Year Ended 31.03.2023	Full Year Ended 31.03.2022
	S\$'000	S\$'000
Advances to associates	(503)	(163)
Repayments from associate	570	-

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8. Income tax credit

	Group		Group	
	Second Half	Second Half	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Withholding tax	2	47	2	47
Current tax	119	69	272	320
Overprovision of current tax in prior years	(93)	(67)	(161)	(543)
Deferred tax	(530)	(233)	(895)	141
	<u>(502)</u>	<u>(184)</u>	<u>(782)</u>	<u>(35)</u>

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit/(loss) for the financial period/year.

9. Earnings/(Losses) per share

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to ordinary owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group		Group	
	Second Half	Second Half	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net profit/(loss) attributable to Owners of the Company	273	170	(4,794)	605
Weighted average number of ordinary shares in issue ('000)	698,354	698,354	698,354	624,843
Basic and diluted earnings/(losses) per share (cents)	<u>0.04</u>	<u>0.02</u>	<u>(0.69)</u>	<u>0.10</u>

The fully diluted earnings/(losses) per share is calculated using the same weighted average number of ordinary shares as there are no dilutive potential ordinary shares in issue.

10. Dividends

	Group		Group	
	Second Half	Second Half	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Dividends paid	-	-	-	-
Dividend per share (net of tax)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11. Net Asset Value

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$	S\$	S\$	S\$
Net asset value per ordinary share (cents)	<u>8.89</u>	<u>9.90</u>	<u>6.23</u>	<u>5.92</u>
Total number of shares in issue ('000)	<u>698,354</u>	<u>698,354</u>	<u>698,354</u>	<u>698,354</u>

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12. Trade receivables

	Group	
	31.03.2023	31.03.2022
	S\$'000	S\$'000
Amounts receivable from construction contract customers	13,491	10,431
Amounts receivable from rendering of services	695	790
	<u>14,186</u>	<u>11,221</u>
Less: Loss allowance for trade receivables	(2,362)	(3,426)
Net	<u>11,824</u>	<u>7,795</u>

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime expected credit losses (“ECL”). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the end of the financial year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities. During the financial year, the Group writes off trade receivables amounting to S\$1,559,000 for which loss allowance had been provided for in the prior financial year. Accordingly, the loss allowance for these trade receivables is reversed.

13. Contract assets

	Group	
	31.03.2023	31.03.2022
	S\$'000	S\$'000
Retention monies on construction contracts	2,434	3,562
Accrued income from construction contracts	24,221	20,371
	<u>26,655</u>	<u>23,933</u>
Less: Loss allowance for contract assets	(744)	(707)
	<u>25,911</u>	<u>23,226</u>

For contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses on contract assets are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the end of the financial year.

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14. Other receivables and prepayments

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current:				
- Amounts due from associate	6,117	6,117	-	-
- Other receivables	54	112	-	-
- Prepayments	210	154	11	12
- Deposits	113	139	-	-
	<u>6,494</u>	<u>6,522</u>	<u>11</u>	<u>12</u>
Less: Loss allowance for other receivables	-	(64)	-	-
	<u>6,494</u>	<u>6,458</u>	<u>11</u>	<u>12</u>
Non-current:				
Amounts due from associates and joint venture	80,541	79,832	-	-
Less: Loss allowance for amounts due from associates	(38,906)	(41,747)	-	-
	<u>41,635</u>	<u>38,085</u>	<u>-</u>	<u>-</u>

For loans to or amount due from associates and joint venture, the Group has applied the credit-impaired approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses has been determined after taking into account the historical default experience and the financial position of the counterparties, adjusted for underlying assets held by respective receivables and factors that are specific to these receivables.

15. Property, plant and equipment

During the full year ended 31 March 2023, the Group acquired assets amounting to S\$754,000 (31 March 2022: S\$601,000) and disposed of assets amounting to S\$28,000 (31 March 2022: S\$39,000).

16. Investments

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares, at FVTOCI	19,279	21,372	14,975	16,602
Insurance contract, at fair value through profit or loss	241	239	-	-
	<u>19,520</u>	<u>21,611</u>	<u>14,975</u>	<u>16,602</u>

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at the end of the financial period, the fair value measurements of held-for-trading investment carried at fair value through profit or loss and investment in equity securities carried at FVTOCI for the Group and the Company were determined based on quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1).

The fair value of the life insurance policy is based on the cash surrender value of the contracts stated in the quarterly statement of the policy (level 2).

There is no transfer between levels of the fair value hierarchy during the current and prior financial years.

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17. Group's borrowings and debt securities

	Group	
	31.03.2023	31.03.2022
	S\$'000	S\$'000
Amount repayable in one year, or on demand		
- Secured	113	162
- Unsecured	32,065	29,905
	<u>32,178</u>	<u>30,067</u>
Amount repayable after one year		
- Secured	350	357
- Unsecured	1,500	2,758
	<u>1,850</u>	<u>3,115</u>

Details of any collateral

Secured liabilities refer to assets acquired under lease agreements. Unsecured liabilities refer to banking facilities guaranteed by the Company.

18. Trade payables and bill payables

	Group	
	31.03.2023	31.03.2022
	S\$'000	S\$'000
Bill payables	23,607	21,472
Trade payables - external parties	22,404	13,234
Accrual for subcontractor costs - external parties	2,455	2,259
	<u>48,466</u>	<u>36,965</u>

Bills payables are repayable between 3 to 5 months (2022: 2 to 5 months) from the date the bills are first issued. The carrying amounts of the bills payables approximates their fair values due to their short-term maturity. Bills payables bear interest at rates ranging from 2.98% to 4.80% (2022: 1.63% to 2.49%) per annum and are supported by a corporate guarantee given by the Company.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period on purchases of goods from outside parties is 3 months (2022: 3 months). No interest is charged on overdue trade payables.

19. Provision for liabilities

	Group	
	31.03.2023	31.03.2022
	S\$'000	S\$'000
Provision for onerous contracts	370	1,547
Provision for rectification cost	495	381
Other provision	-	300
	<u>865</u>	<u>2,228</u>

Provision for onerous contracts

The Group has ongoing construction contracts. The provision for onerous contracts is recognised at the end of the financial year as it is probable that the total construction contract costs will exceed the total construction contract revenue for certain projects.

Provision for rectification cost

The Group has a contractual commitment to rectify defects works for its construction contracts during the defects liability period. A provision is recognised at the end of the financial year for the expected defects costs based on past experience of the level of defects.

Other provision

In February 2022, the Group's wholly owned subsidiary, King Wan Construction Pte Ltd ("KWC") received a notice from a customer purporting to terminate the contract, alleging certain breaches relating to rectification works, testing and commissioning, and submission of certain documents as required under the contract. Accordingly, KWC had disputed the allegations and informed the customer that the termination of the contract was wrongful. As at 31 March 2022, a provision amounting to S\$300,000 is made for the contract. In September 2022, KWC and the customer entered into a settlement agreement without admission of any liability to fully and finally settle all claims and disputes. Accordingly, the provision is no longer required and hence it is fully reversed.

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20. Share capital

	Group and Company			
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Number of shares ('000)		S\$'000	S\$'000
Beginning of financial year	698,354	349,177	53,797	46,814
Issue of shares by virtue of Rights Issue	-	349,177	-	6,983
End of financial year	698,354	698,354	53,797	53,797

The Company did not hold any treasury shares as at 31 March 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 31 March 2023.

On 8 September 2021, the Company issued 349,176,870 Rights shares for total consideration of S\$6,983,000.

21. Use of proceeds

On 8 September 2021, the Company had completed a renounceable non-underwritten rights issue of 349,176,870 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.02 for each Rights Share, on the basis of one (1) Rights Share for every one (1) ordinary share in the capital of the Company held by each shareholder of the Company (the "Rights Issue") with total gross proceeds amounted to approximately S\$6.98 million.

As at the date of this Announcement, the status of the proceeds was as follows:

Intended use of gross proceeds	Note	Amount allocated S\$'million	Amount after reallocation S\$'million	Amount utilised S\$'million	Balance of proceeds S\$'million
Expenses incurred in connection with the Rights Issue	a	0.23	0.23	(0.23)	-
Expansion and growth of existing business and/or financing of potential strategic joint ventures	b	3.71	4.00	(4.00)	-
General working capital	c	3.04	2.75	(2.75)	-
Total		6.98	6.98	(6.98)	-

Note a

Expenses incurred in relation to the Rights Issue relate to professional fees, processing fee, admin and handling fee.

Note b

Amount utilised to increase its share capital in a Group's wholly owned subsidiary for the purpose to expand the project team with the required expertise to develop its mechanical and electrical engineering services on green retrofitting in Singapore. This is in line with the Singapore Green Plan 2030's target for greener infrastructure and buildings. The funds will also be used to support the working capital of the green retrofitting and air-conditioning mechanical ventilation projects that are larger in scale and involve purchase of large and specialised equipment.

Note c

General working capital utilised for payments made to suppliers for supply of materials and labour in relation to construction projects.

22. Subsequent events

There are no known subsequent events as at the date of these condensed interim financial statements.

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F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of King Wan Corporation Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the second half and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

a. Consolidated statement of profit or loss and other comprehensive income

Second Half Ended 31 March 2023 (“2H2023”)

The Group's revenue increased by 23% to S\$51.3 million in 2H2023. The increase was mainly due to an increase in construction activities.

Gross profit margin for 2H2023 was 1.2%, lower than 9.9% achieved in 2H2022. The decrease was mainly due to increase in material and manpower costs for pre-pandemic projects and absence of dividend income received from investment in equity securities carried at FVTOCI. This is partially offset by the improvement in the rental of portable toilets.

Other operating income decreased by S\$1,000 to S\$602,000 in 2H2023.

Administrative expenses increased by 5% to S\$3.1 million in 2H2023. The increase was mainly due to increase in staff cost as a result of an increase in headcount and salary adjustments.

Other operating expenses increased by 25% to S\$10,000 in 2H2023. The increase was due to change in fair value of insurance contract.

Share of loss of associates and joint venture was S\$46,000 in 2H2023, compared to S\$125,000 share of profit of associates and joint venture in 2H2022. The decrease was due to recognition of losses from its investment in PRC property development project.

Change in loss allowance on trade receivables, other receivables and contract assets was a reversal of S\$2.5 million in 2H2023, compared to additional S\$1.6 million loss allowance in 2H2022. The decrease was due to S\$3.3 million reversal of loss allowance made for amounts due from associate involved in workers' dormitory business as a result of an increase in demand for bed spaces. This is partially offset by the additional S\$0.5 million loss allowances made for trade receivables and contract assets and S\$0.3 million loss allowance made for amounts due from associate involved in vessel chartering business as a result of a decrease in chartering income and an increase in repair and maintenance costs.

Finance costs increased by S\$0.5 million to S\$0.8 million in 2H2023. The increase was mainly due to higher effective borrowing interest rate.

Income tax credit increased by S\$0.3 million to S\$0.5 million in 2H2023. The increase was mainly due to losses incurred.

As a result of the above, the Group's profit after tax increased by 68% to S\$0.2 million in 2H2023.

Net fair value gain on investment in equity securities carried at FVTOCI amounted to S\$68,000 in 2H2023 was due to appreciation of THB against SGD. This is partially offset by the decrease in the quoted closing market prices to THB 4.40 as at 31 March 2023 from THB 4.50 as at 30 September 2022. These securities pertain to investment in quoted equity shares of Kaset Thai International Sugar Corporation Public Company Limited ("KTIS") listed on Thailand Stock Exchange.

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Full Year Ended 31 March 2023 (“FY2023”)

The Group's revenue increased by 20% to S\$92.4 million in FY2023. The increase was mainly due to an increase in construction activities.

Gross profit margin for FY2023 was 0.5%, lower than 10.0% achieved in FY2022. The decrease was mainly due to increase in material and manpower costs for pre-pandemic projects, absence of dividend income received from investment in equity securities carried at FVTOCI and decrease in demand for rental of portable toilets.

Other operating income increased by 2% to S\$1.3 million in FY2023.

Administrative expenses increased by 53% to S\$8.4 million in FY2023. The increase was mainly due to payout of S\$1 million settlement fee without admission of any liability to fully and finally settle all claims and disputes with a customer and corresponding contract assets written off amounting to S\$1.1 million, S\$0.3 million increase in professional and legal fee and S\$0.2 million increase in staff cost as a result of an increase in headcount and salary adjustments.

Other operating expenses was S\$50,000 in FY2023 and this was attributed by the change in fair value of insurance contract.

Share of profit of associates and joint venture decreased by S\$167,000 to S\$12,000 in FY2023. The decrease was mainly due to recognition of losses from its investment in PRC property development project.

Change in loss allowance on trade receivables, other receivables and contract assets was a reversal of S\$2.4 million in FY2023, compared to additional S\$2.5 million loss allowance in FY2022. The decrease was due to S\$3.3 million reversal of loss allowance made for amounts due from associate involved in workers' dormitory business. This is partially offset by the additional S\$0.5 million loss allowances made for trade receivables and contract assets and S\$0.3 million loss allowance made for amounts due from associate involved in vessel chartering business.

Finance costs increased by 92% to S\$1.3 million in FY2023. The increase was mainly due to higher effective borrowing interest rate.

Income tax credit increased by S\$747,000 to S\$782,000 in FY2023. The increase was due to loss incurred.

As a result of the above, the Group's loss after tax was S\$4.8 million in FY2023, compared to profit after tax of S\$0.6 million in FY2022.

Net fair value loss on investment in equity securities carried at FVTOCI amounted to S\$2.1 million in FY2023 was due to decrease in the quoted closing market price of KTIS to THB 4.40 as at 31 March 2023 from 4.64 as at 31 March 2022, and depreciation of THB against SGD.

b. Statement of financial position

The Group's equity base stood at S\$62.1 million as at 31 March 2023, a decrease from S\$69.1 million as at 31 March 2022.

Total current assets decreased to S\$56.4 million as at 31 March 2023 from S\$56.7 million as at 31 March 2022. The decrease was mainly due to S\$0.3 million decrease in inventories.

Non-current assets increased to S\$70.7 million as at 31 March 2023 from S\$68.5 million as at 31 March 2022. The increase was mainly due to S\$3.6 million increase in other receivables as a result of S\$2.8 million reversal of loss allowance for amounts due from associates and other receivables and S\$0.7 million accrual of interest income on net carrying value of advances to associates and joint venture, as well as S\$0.9 million increase in deferred tax asset due to loss incurred. This was partially offset by S\$2.1 million decrease in net fair value of investment in equity securities carried at FVTOCI and S\$0.4 million decrease in right-of-use assets as a result of normal depreciation.

Current liabilities increased to S\$62.7 million as at 31 March 2023 from S\$52.3 million as at 31 March 2022. The increase was mainly due to S\$11.5 million increase in trade payables and bills payables as a result of an increase in construction activities. This is partially offset by the S\$1.4 million decrease in provision for liabilities.

Non-current liabilities decreased to S\$2.2 million as at 31 March 2023 from S\$3.8 million as at 31 March 2022. The decrease was due to net repayment of bank borrowings and lease liabilities.

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c. Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$4.2 million in FY2023, compared to inflow of S\$4.0 million in FY2022. The net outflow was mainly due to loss for the financial year, after changes in working capital and other adjustments.

Net cash used in investing activities amounted to S\$0.6 million in FY2023, compared to S\$0.2 million in FY2022. The increase in outflow was mainly due to increase in investment in an associate involved in PRC property development, increase in purchase of property, plant and equipment for operations use and absence of dividend income from investment in equity securities carried at FVTOCI.

Net cash used in financing activities amounted to S\$1.7 million in FY2023, compared to inflow of S\$2.8 million in FY2022. The net outflow was due to absence of proceeds from issue of shares, which was partially offset by the decrease in repayments of bank borrowings and lease liabilities.

As a result of the aforementioned, cash and cash equivalents stood at S\$11.0 million as at 31 March 2023.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast had been issued.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

According to press release issued by Singapore Ministry of Trade and Industry ("MTI") on 25 May 2023, MTI had maintained the GDP growth forecast for 2023 at "0.5 to 2.5 per cent". However, the downside risks in the global economy have risen. First, recent banking sector stresses abroad have increased the risk of a sharper-than-expected tightening in global financial conditions. Second, escalations in the war in Ukraine and geopolitical tensions among major global powers could lead to renewed supply disruptions, dampen consumer and business confidence, as well as weigh on global trade.

With the heightened level of global uncertainties, we expect the M&E business to be challenging in the next 12 months and face pressures from rising costs amid the challenging economic environment. Based on order books secured, the M&E business will remain the core business for the Group. The M&E business and the rental of portable lavatories will continue to generate income streams for the Group.

As at the date of this Announcement, the Group has approximately S\$163.3 million worth of M&E contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.

5. Dividend information

a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

c. Date Payable

Not applicable

d. Books Closure Date

Not applicable

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6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chua Kim Hua	83	a) Brother of Chua Hai Kuey b) Father of Chua Eng Eng	Position: Non-executive Chairman Duties: Pivotal role in steering and stabilizing the Group's businesses, and leading the Group in its long term growth and development. Year when the position was first held: 2022	N.A
Chua Hai Kuey	72	a) Brother of Chua Kim Hua b) Uncle of Chua Eng Eng	Position: Executive Director Duties: Responsible for the Group's day-to-day operations including the technical, engineering and quality control aspects of M&E contracts Year when the position was first held: 2000	N.A
Chua Eng Eng	53	a) Daughter of Chua Kim Hua b) Niece of Chua Hai Kuey	Position: Managing Director Duties: Responsible to drive the Group's strategy and oversees all of the Group's operation, business development, corporate planning, and the implementation of policies and activities Year when the position was first held: 2002	N.A

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Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chua Yong Bin	37	a) Son of Chua Hai Kuey b) Nephew of Chua Kim Hua c) Cousin of Chua Eng Eng	Position: Chief Risk & Strategy Officer Duties: Responsible for overseeing the Group's strategy planning, business development and information technology Year when the position was first held: 2022	N.A
Chua Yean Cheng	52	a) Daughter of Chua Kim Hua b) Niece of Chua Hai Kuey c) Sister of Chua Eng Eng	Position: Human Resource & Admin Manager Duties: Responsible for overseeing the Group's talent acquisition and retention program and migrant workers' welfare Year when the position was first held: 2011	N.A

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

29 May 2023