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Khoon Group Limited
坤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 924)

PROFIT WARNING

This announcement is made by Khoon Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, the Group expects to record a net profit after tax for the six months ended 31 December 2020 of approximately S\$0.1 million, which represents an approximately 96.2% reduction as compared with that for the six months ended 31 December 2019 of approximately S\$2.9 million. Based on the information currently available, such expected decrease in the profit was mainly attributable to:–

- (i) The decrease in the Group’s revenue as a result of the unprecedented outbreak of the Coronavirus Disease 2019 (“**COVID-19**”) in early 2020 which subsequently developed to a global pandemic and has severely disrupted global economic activities. In order to control the spread of COVID-19, the Singapore Government had imposed Circuit Breaker Measures in which non-essential businesses were suspended from 7 April 2020 to 1 June 2020 (the “**Circuit Breaker Period**”). Construction works are identified as non-essential according to such measures, and therefore during the Circuit Breaker Period, all of the Group’s construction sites were halted and save for certain emergency repairs and maintenance or defect rectification works, the Group was not able to continue with the majority of its electrical engineering projects, which has significantly affected the progress of the Group’s electrical engineering works.

Immediately after the Circuit Breaker Period, only approximately 20% of our on-going projects have been allowed to restart and the rest of the projects only fully recommenced from August/September 2020, which significantly delayed the progress of the Group’s on-going projects and led to significant decrease in the revenue recognised during the six months ended 31 December 2020.

- (ii) The gross profit margin of the Group for the six months ended 31 December 2020 has also declined significantly as a result of additional costs incurred due to the outbreak of the COVID-19 such as cost overrun of on-going projects in anticipation of productivity loss and prolongation of project timeline. In addition, since March 2020, the Federal Government of Malaysia has implemented the Malaysia Movement Control Order (the “**Cordon Sanitaire**”) as a preventive measure in response to the COVID-19. The Cordon Sanitaire involved prohibition of movement of people which adversely affected the Group’s supply chain in construction materials between Malaysia and Singapore, causing a significant increase in material costs during the six months ended 31 December 2020.
- (iii) Substantial foreign exchange loss incurred in respect of the Group’s bank balances due to the weakening of the United States Dollars from July 2020 to December 2020.

The Group is still in the process of finalising its results for the six months ended 31 December 2020. The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, which have not been audited or reviewed by the auditors of the Company or the audit committee of the Board. The finalised results of the Group for the six months ended 31 December 2020 to be published may be different from the information disclosed in this announcement.

Shareholders and potential investors of the Company are advised to refer to further details of the Group’s financial results for the six months ended 31 December 2020 which are expected to be announced by end of February 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Khoon Group Limited
Ang Jui Khoon
Chairman and Executive Director

Hong Kong, 9 February 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ang Jui Khoon, Mr. Ang Kok Kwang (Hong Guoguang) and Mr. Ang Yong Kwang (Hong Yongquan); and three independent non-executive Directors, namely Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang).