Khoon Group Limited
坤集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 924)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Khoon Group Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 31 December 2021 together with comparative figures for the corresponding period in 2020 as follows:

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

For the six months ended 31 December 2021

		Six months ended 31 December	
	Notes	**2021**	2020
		(Unaudited)	(Unaudited)
		S$	*S$*
Revenue	*5*	**10,520,931**	14,251,784
Cost of services		**(9,645,429)**	(12,457,952)
Gross profit		**875,502**	1,793,832
Other income	*6a*	**229,243**	619,672
Other gains and (losses)	*6b*	**61,429**	(865,533)
Administrative expenses		**(1,259,763)**	(1,202,029)
Finance costs	*7*	**(1,272)**	(2,552)
(Loss) Profit before taxation		**(94,861)**	343,390
Income tax expense	*8*	**(51,447)**	(232,671)
(Loss) Profit and other comprehensive (loss) income for the period	*9*	**(146,308)**	110,719
Basic and diluted (loss) earnings per share (S$ cents)	*11*	**(0.01)**	0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	**As at 31 December 2021 (Unaudited) *S$***	As at 30 June 2021 (Audited) *S$*
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	*12*	**405,904**	570,489
Investment property	*13*	**831,879**	839,890
Right-of-use assets	*14*	**232,840**	295,432
		1,470,623	1,705,811
Current assets			
Trade receivables	*15*	**3,437,000**	7,050,305
Other receivables, deposits and prepayments	*16b*	**916,315**	1,127,081
Contract assets	*17*	**32,617,185**	33,648,893
Bank balances and cash	*18*	**17,509,571**	17,747,818
		54,480,071	59,574,097
Current liabilities			
Trade and other payables	*19*	**16,971,870**	22,181,193
Contract liabilities	*17*	**84,491**	11,323
Lease liabilities	*20*	**84,486**	108,345
Income tax payable		**403,147**	370,779
		17,543,994	22,671,640
Net current assets		**36,936,077**	36,902,457
Total assets less current liabilities		**38,406,700**	38,608,268
Non-current liabilities			
Deferred tax liabilities	*21*	**41,281**	55,994
Lease liabilities	*20*	**149,053**	189,600
		190,334	245,594
Net assets		**38,216,366**	38,362,674
EQUITY			
Capital and reserves			
Share capital	*22*	**1,742,143**	1,742,143
Share premium		**31,669,457**	31,669,457
Merger reserve		**(11,417,891)**	(11,417,891)
Accumulated profits		**16,222,657**	16,368,965
Equity attributable to owners of the Company		**38,216,366**	38,362,674

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

1 GENERAL

Khoon Group Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 24 July 2018 and its registered office is located at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") on 18 September 2018 and the principal place of business in Hong Kong is Unit B, 17/F, United Centre, 95 Queensway, Hong Kong. The head office and principal place of business of the Group is at Block 5000 Ang Mo Kio Avenue 5, #04-01, Techplace II, Singapore 569870. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 July 2019.

The Company is a subsidiary of Lead Development Investment Limited ("Lead Development"), incorporated in the British Virgin Islands (the "BVI"), which is also the Company's ultimate holding company. Lead Development is owned by Mr. Ang Jui Khoon ("Mr. JK Ang") and his son Mr. Ang Kok Kwang ("Mr. KK Ang"). Upon the entering into the concert party deed, Mr. JK Ang and Mr. KK Ang through Lead Development became the controlling shareholders of Khoon Group Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company and the principal activities of its operating subsidiary, Khoon Engineering Contractor Pte. Ltd. ("Khoon Engineering"), incorporated in Singapore, are the provision of electrical engineering services.

The interim condensed consolidated financial statements are presented in Singapore Dollars ("S$"), which is also the functional currency of the Company.

2 GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

During the financial year ended 30 June 2020, for the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a group reorganisation (the "Reorganisation").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the interim condensed consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon completion of the Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

Movement of Lead Development's Interest in the Company

On 20 March 2020 (after trading hours), 200,000,000 shares of the Company then held by Lead Development (the "Placing Shares"), representing 20% of the existing issued share capital of the Company, were successfully placed to certain investors at HK$0.265 per Placing Share pursuant to the terms of a placing agreement dated 11 March 2020 (the "Placing").

Upon completion of the Placing, Lead Development held 550,000,000 shares of the Company, representing 55% of the existing issued share capital of the Company, and remained a controlling shareholder of the Group.

3 ADOPTION OF NEW AND REVISED STANDARDS

New and amended International Financial Reporting Standards ("IFRS") that are effective for the current period

New and revised IFRS Standards issued but not yet effective

At the date of authorisation of these interim condensed consolidated financial statements, the Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective, which are relevant to the Group:

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IFRSs	*Annual Improvements to IFRS Standards 2018-2020*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipates that the application of the other new and amendments to IFRS Standards will have no material impact on the Group's consolidated financial position and performance as well as disclosures in the foreseeable future.

4 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB").

In addition, the interim condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosures required by the Companies Ordinance.

5 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of electrical engineering services being recognised over time, mainly comprising of (i) assisting to obtain statutory approvals; (ii) customisation and/or installation of electrical systems; and (iii) testing and commissioning by the Group to external customers. It also represents the revenue from contracts with customers.

Information is reported to the executive directors of the Company, being the chief operating decision makers ("CODMs") of the Group, for the purposes of resource allocation and performance assessment. No other analysis of the Group's result nor assets and liabilities is regularly provided to the CODMs for review and the CODMs review the overall results and financial performance of the Group as a whole. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the six months ended 31 December 2021 and 2020 is as follows:

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Contract revenue from provision of electrical engineering services, recognised over time	**10,520,931**	14,251,784

All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 1 month to 52 months (2020: 1 month to 52 months).

Included in the Group's revenue for six months ended 30 December 2021 is S$7,297,027 (2020: S$8,178,531) derived from provision of electrical engineering services to the customers in public sector. Other revenue is derived from provision of electrical engineering services to the customers in private sector.

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period.

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Provision of electrical engineering services:		
– Within one year	**48,399,779**	43,336,932
– More than one year but not more than two years	**31,463,220**	12,957,618
– More than two years but not more than five years	**19,177,721**	2,990,078
	99,040,720	59,284,628

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the unsatisfied (or partially satisfied) contracts as at 31 December 2021 and 2020 has been/will be recognised as revenue during the years ended/ending 30 June 2021 to 2026.

Information about the major customers

The revenue from customers individually contributing over 10% of the total revenue of the Group during the reporting period are as follows:

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Customer I	**2,167,226**	6,907,904
Customer II	**1,938,732**	N/A*
Customer III	**1,105,977**	N/A*

* Revenue did not contribute over 10% of the total revenue of the Group for the period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. Revenue derived from Singapore represents 100% of the total revenue for the period ended 31 December 2021 (2020: 100%) based on the location of services delivered. The Group's non-current assets are all located in Singapore.

6 a. OTHER INCOME

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Bank interest income	**13,533**	74,304
Government grants *(Note 1)*	**198,310**	502,572
Rental income	**17,400**	9,955
Insurance payout	**–**	31,049
Others	**–**	1,792
	229,243	619,672

Note 1: Government grants mainly include COVID-19-related support by the Singapore government, such as the Foreign Worker Levy ("FWL") rebates and the Job Support Scheme ("JSS") to help companies tides through this period of economic uncertainty. Under the JSS, the government will co-fund between 10% to 75% of the first S$4,600 of gross monthly wages paid to each local employee in a 17-month period through cash subsidies.

While JSS and FWL rebated were recognised as grant income, no FWL waivers obtained (2020:S$273,000) were offset against related FWL expenses in cost of services.

All government grants are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

6 b. OTHER GAINS AND LOSSES

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Exchange gain/(loss)	**61,429**	(865,533)
	61,429	(865,533)

7 FINANCE COSTS

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Interest on:		
Lease liabilities	**1,272**	2,552

8 INCOME TAX EXPENSE

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	**66,160**	241,828
Deferred tax expense *(Note 21)*	**(14,713)**	(9,157)
	51,447	232,671

CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income for both the Year of Assessment 2022 and 2023.

The income tax expense for the period can be reconciled to the (loss) profit before taxation per the interim condensed consolidated statement of profit or loss and other comprehensive income as follows:

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
(Loss) Profit before taxation	**(94,861)**	343,390
Tax at applicable tax rate of 17%	**(16,126)**	58,376
Tax effect of expenses not deductible for tax purpose	**81,446**	229,836
Tax effect of income not taxable for tax purpose	**(5,160)**	(46,828)
Effect of tax concessions and partial tax exemptions	**(8,713)**	(8,713)
Taxation for the reporting period	**51,447**	232,671

9 (LOSS) PROFIT FOR THE PERIOD

(Loss) Profit for the period has been arrived at after charging (crediting):

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	S$	*S$*
Depreciation of plant and equipment	**185,495**	212,043
Depreciation of investment property	**8,011**	8,011
Depreciation of right-of-use assets	**62,592**	88,052
Directors' remuneration	**489,390**	488,070
Other staff costs:		
– Salaries and other benefits	**1,407,735**	1,201,574
– Contributions to Central Provident Fund ("CPF")	**88,833**	76,042
Total staff costs	**1,985,958**	1,765,686
Cost of materials recognised as cost of services	**4,379,620**	3,111,068
Subcontractor costs recognised as cost of services	**3,073,028**	7,435,373
Gross rental income from investment property recognised as other income *(Note 6a)*	**(17,400)**	(9,955)
Less: Direct operating expenses incurred for investment property that generated rental income	**1,243**	1,052
	(16,157)	(8,903)

10 DIVIDENDS

No dividend has been declared by the Company or any Group entities during the six months ended 31 December 2020 and 2021 or subsequent to the month end.

11 (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the following data:

	For the six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
(Loss) Profit for the period attributable to owners of the Company (S$)	**(146,308)**	110,719
Weighted average number of ordinary shares in issue	**1,000,000,000**	1,000,000,000
Basic and diluted earnings per share (S$ cents)	**(0.01)**	0.01

The calculation of basic (loss) earnings per share for the six months ended 31 December 2021 and 2020 is based on the (loss) profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted (loss) earnings per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the six months ended 31 December 2021 and 2020.

12 PLANT AND EQUIPMENT

	Plant and machinery	Computers	Office equipment	Motor vehicles	Furniture and fittings	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
Cost:						
At 1 July 2020	550,448	167,574	65,248	1,588,147	38,752	2,410,169
Additions	–	43,634	–	192,949	–	236,583
Disposals	–	(190)	–	(236,700)	–	(236,890)
At 30 June 2021	550,448	211,018	65,248	1,544,396	38,752	2,409,862
Additions	–	20,910	–	–	–	20,910
Disposals	–	–	–	–	–	–
At 31 December 2021	**550,448**	**231,928**	**65,248**	**1,544,396**	**38,752**	**2,430,772**
Accumulated depreciation:						
At 1 July 2020	373,849	147,716	38,083	1,101,127	16,156	1,676,931
Charge for the year	95,770	36,821	10,712	249,048	6,981	399,332
Elimination on disposals	–	(190)	–	(236,700)	–	(236,890)
At 30 June 2021	469,619	184,347	48,795	1,113,475	23,137	1,839,373
Charge for the period	39,207	18,034	5,263	119,675	3,316	185,495
Disposals	–	–	–	–	–	–
At 31 December 2021	**508,826**	**202,381**	**54,058**	**1,233,150**	**26,453**	**2,024,868**
Carrying amounts:						
At 30 June 2021 (audited)	80,829	26,671	16,453	430,921	15,615	570,489
At 31 December 2021 (unaudited)	**41,622**	**29,547**	**11,190**	**311,246**	**12,299**	**405,904**

The above items of plant and equipment are depreciated on a straight-line basis at the following useful lives:

Plant and machinery	5 years
Computers	1 year
Office equipment	1 year
Motor vehicles	5 years
Furniture and fittings	5 years

13 INVESTMENT PROPERTY

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Cost:		
At beginning and end of the reporting period	**933,509**	933,509
Accumulated depreciation:		
At beginning of the reporting period	**93,619**	77,597
Charge for the reporting period	**8,011**	16,022
At end of the reporting period	**101,630**	93,619
Carrying amount:		
At end of the reporting period	**831,879**	839,890

The investment property is leased to a third party. The leases contain initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessee.

The investment property is depreciated on a straight-line basis over 57 years.

As at 31 December 2021, the fair values of the investment property amounted to S$893,000 (As at 30 June 2021: S$893,000). The fair value measurement of the Group's investment property as at 31 December 2021 and 30 June 2021 was determined by management based on comparable market transactions of similar properties in the same vicinity.

The fair values were based on comparable market transactions of similar properties in the same vicinity that have been transferred in the open market with the significant unobservable input being the price per square meter where any significant isolated increase (decrease) in this input would result in a significantly higher (lower) fair value measurement.

The investment property is categorised within level 3 of the fair value hierarchy.

In estimating the fair value of the property, the highest and best use of the property is its current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

		Fair value as at	
Address	**Tenure**	**31 December 2021 *S$***	30 June 2021 *S$*
Level 3			
No.3 Ang Mo Kio St. #04-34, Link@AMK, Singapore 569139	57 years	**893,000**	893,000

14 RIGHT-OF-USE ASSETS (GROUP AS A LESSEE)

	Dormitories *S$*	**Office** *S$*	**Office equipment** *S$*	**Total** *S$*
Cost:				
At July 2020	266,557	232,804	11,213	510,574
Additions	–	239,435	–	239,435
Termination of lease	(177,351)	–	–	(177,351)
At 30 June 2021	89,206	472,239	11,213	572,658
Additions	–	–	–	–
Termination of lease	–	–	–	–
At 31 December 2021	**89,206**	**472,239**	**11,213**	**572,658**
Accumulated depreciation:				
At July 2020	121,786	129,335	4,859	255,980
Charge for the year	66,715	77,601	2,243	146,559
Termination of lease	(125,313)	–	–	(125,313)
At 30 June 2021	63,188	206,936	7,102	277,226
Charge for the period	22,302	39,169	1,121	62,592
Termination of lease	–	–	–	–
At 31 December 2021	**85,490**	**246,105**	**8,223**	**339,818**
Carrying amount:				
At 30 June 2021 (audited)	26,018	265,303	4,111	295,432
At 31 December 2021 (unaudited)	**3,716**	**226,134**	**2,990**	**232,840**

The Group leases several assets including staff dormitories, office and office equipment. The lease term is two to five years (30 June 2021: two to five years).

The Group has no options to purchase any of its leased assets at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in Note 20.

Amounts recognised in profit or loss

	For the six months ended 31 December	
	2021 (Unaudited) *S$*	2020 (Unaudited) *S$*
Depreciation expense on right-of-use assets *(Note 9)*	**62,592**	88,052
Interest expense on lease liabilities *(Note 7)*	**1,272**	2,552
Expense relating to short-term leases	**8,490**	7,272

As at 31 December 2021, the Group is committed to S$16,094 (2020: S$NIL) for short-term leases.

The total cash outflow for leases during the six months ended 31 December 2021 amount to S$74,168 (31 December 2020: S$97,586).

15 TRADE RECEIVABLES

	As at 31 December 2021 (unaudited)	As at 30 June 2021 (audited)
	S$	*S$*
Trade receivables	**3,437,000**	7,050,305
Less: Allowance for impairment losses	**–**	–
	3,437,000	7,050,305

The Group grants credit term to customers typically 30 to 35 days from invoice date for trade receivables to all customers, for the six months ended 31 December 2021 (30 June 2021: 30 to 35 days). The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date which approximated the revenue recognition date at the end of each reporting period:

	As at 31 December 2021 (Unaudited)	As at 30 June 2021 (Audited)
	S$	*S$*
Within 30 days	**1,770,017**	3,379,092
31 days to 60 days	**828,644**	2,069,101
61 days to 90 days	**87,676**	195,030
91 days to 120 days	**46,813**	11,047
More than 120 days	**703,850**	1,396,035
	3,437,000	7,050,305

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed when necessary. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

The Group does not charge interest or hold any collateral over these balances.

The Group applied the simplified approach to provide impairment loss measured as expected credit losses ("ECL") prescribed by IFRS 9.

To measure the ECL of trade receivables, trade receivables are assessed individually for all customers.

As part of the Group's credit risk management, the Group assesses the impairment for its customers by reference to past default experience and current past due exposure of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. As at 31 December 2021 and 30 June 2021, the Group did not recognise impairment allowance based on individual assessment for all customers.

There has been no changes in the estimation techniques or significant assumption made during the current reporting period.

The table below is an analysis of trade receivables as at end of each reporting period:

Analysis of trade receivables:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Not past due and not impaired	**1,770,017**	3,379,092
Past due but not impaired	**1,666,983**	3,671,213
	3,437,000	7,050,305
Past due and impaired	**–**	–
Less: Allowance for impairment losses	**–**	–
	3,437,000	7,050,305

The following is an analysis of trade receivables by age, presented based on the due date at the end of each reporting period, net of allowance for impairment losses:

Receivables that are past due but not impaired:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Within 30 days	**828,644**	2,069,101
31 days to 60 days	**87,676**	195,030
61 days to 90 days	**46,813**	11,047
91 days to 120 days	**33,866**	7,432
More than 120 days	**669,984**	1,388,603
	1,666,983	3,671,213

Included in the Group's trade receivables are carrying amount of approximately S$1,666,983 which are past due at 31 December 2021 (30 June 2021: S$3,671,213), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable based on repayment history of respective customers. Management has assessed that the receivables as at 31 December 2021 that are past due beyond 90 days are not in default as a significant portion of these relate to backcharges to a subcontractor, to which the Group is in a net payable position as at 31 December 2021.

Movements in the allowance for impairment losses on trade receivables:

	As at 31 December 2021 (Unaudited) ***S$***	As at 30 June 2021 (Audited) *S$*
Balance at beginning of year	**–**	233,811
Impairment losses recognised (reversed)	**–**	–
Amounts written off	**–**	(233,811)
Balance at end of year	**–**	–

The movement for the six months ended 31 December 2021 and 30 June 2021, i.e., in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set in IFRS 9.

16 a. DEPOSITS

The amount as at 30 June 2020 relate to cash deposit placed directly either with a customer or with a bank (for performance guarantee issued) as security for due performance and observance of the Group's obligations under contracts entered into between the Group and its customers, where the projects are due to be completed in January 2022 and December 2021 respectively.

The management considered the ECL for such deposits to be insignificant as at 30 June 2021 and 31 December 2021.

As at 31 December 2021 and 30 June 2021, these amounts are recorded within Other Receivables, Deposits and Prepayments in the current assets.

b. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2021 (Unaudited) ***S$***	As at 30 June 2021 (Audited) *S$*
Deposits *(Note)*	**450,361**	507,756
Prepayments	**376,645**	559,116
Grant receivables *(Note)*	**16,950**	48,200
Others *(Note)*	**72,359**	12,009
	916,315	1,127,081

Note: The management considered the ECL for deposits, grant receivables, and others to be insignificant as at 31 December 2021 and 30 June 2021.

17 CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities balances for financial reporting purpose:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Contract assets	**32,617,185**	33,648,893
Contract liabilities	**(84,491)**	(11,323)
	32,532,694	33,637,570

Contract assets (retention receivables) and contract liabilities arising from the same contract are presented on a net basis above. In the analysis below, these contract assets (retention receivables) and contract liabilities are presented on a gross basis, with the effect of grossing up being S$76,600 as at 31 December 2021 (30 June 2021: S$16,094).

Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of electrical engineering services, which arise when: (i) the Group completed the relevant services under such contracts and pending formal certification by the customers; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Retention receivables	**5,314,965**	5,100,875
Others *(Note)*	**27,378,820**	28,564,113
	32,693,785	33,664,988

Note: Others represent the revenue not yet billed to the customers, for which the Group has completed the relevant services under such contracts but yet to be certified by architects, surveyors or other representatives appointed by the customers.

Changes of contract assets were mainly due to changes in: (1) the amount of retention receivables (generally at a certain percentage of total contract sum) in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) the size and number of contract works that the relevant services were completed but yet certified by architects, surveyors or other representatives appointed by the customers at the end of each reporting period.

The Group's contract assets include retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period. The balances are classified as current as they are expected to be received within the Group's normal operating cycle.

To measure ECL, contract assets are assessed individually for all customers. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation for the loss rates for contract assets. Based on the individual assessment for all customers by management of the Group, other than disclosed below, it is considered that the ECL for contract assets is insignificant as at 31 December 2021 and 30 June 2021.

Movements in the allowance for impairment losses on retention receivables:

	As at 31 December 2021 (Unaudited) ***S$***	As at 30 June 2021 (Audited) *S$*
Balance at beginning of reporting period	**–**	205,000
Impairment losses recognised	**–**	–
Impairment written off	**–**	(205,000)
Balance at end of reporting period	**–**	–

Contract liabilities

The contract liabilities represents the Group's obligation to transfer services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progressive billing arrangement stated in the contracts. Contract liabilities as at 31 December 2021 and 30 June 2021 mainly relate to advances received from customers.

The Group's contract liabilities are analysed as follows:

	As at 31 December 2021 (Unaudited) ***S$***	As at 30 June 2021 (Audited) *S$*
Contract liabilities	**161,091**	27,418

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:–

	As at 31 December 2021 (Unaudited) ***S$***	As at 30 June 2021 (Audited) *S$*
Revenue recognised that was included in the contract liabilities balance at the beginning of the reporting period	**27,418**	357,403

None of the revenue recognised during the reporting period relates to performance obligations that were satisfied in prior periods.

18 BANK BALANCES AND CASH

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Cash at banks	**17,475,932**	17,716,199
Cash on hand	**33,639**	31,619
Cash and cash equivalents in the consolidated statement of cash flows	**17,509,571**	17,747,818

As at 31 December 2021, other than time deposits of S$6,932,000 (30 June 2021: S$8,308,800) with tenure of three months and which carry fixed interest rate of 1.60% per annum, and bank balances of S$9,971,744 (30 June 2021: $6,807,887) that carry effective interest rate ranging from 0.09% to 0.31% per annum (30 June 2021: 0.09% to 0.37% per annum), the remaining bank balances and cash are interest-free.

19 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Trade payables	**3,007,084**	4,255,871
Trade accruals	**10,708,232**	14,439,419
Retention payables *(Note)*	**2,900,711**	2,827,320
	16,616,027	21,522,610
Other payables		
Payroll and CPF payables	**258,728**	259,510
Goods and Services Tax (“GST”) payables	**1,484**	111,580
Rental deposit received	**5,800**	5,800
Deferred grant income	**66,196**	97,446
Accrued audit fees	**–**	161,000
Others	**23,635**	23,247
	16,971,870	22,181,193

Note: The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works. The balances are classified as current as they are within the Group’s normal operating cycle.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December 2021 (Unaudited) S$	As at 30 June 2021 (Audited) S$
Within 30 days	**2,241,280**	1,375,772
31 to 60 days	**17,467**	723,570
61 to 90 days	**8,172**	125,492
91 to 120 days	**3,000**	–
Over 120 days	**737,165**	2,031,037
	3,007,084	4,255,871

The credit period on purchases from suppliers and subcontractors is 30 to 90 days (30 June 2021: 30 to 90 days) or payable upon delivery.

20 LEASE LIABILITIES

	As at 31 December 2021 (Unaudited) S$	As at 30 June 2021 (Audited) S$
Lease liabilities payable:		
Within one year	**84,486**	108,345
Within a period of more than one year but not more than two years	**80,893**	81,161
Within a period of more than two years but not more than five years	**68,160**	108,439
	233,539	297,945
Less: Amount due for settlement with 12 months (shown under current liabilities)	**(84,486)**	(108,345)
Amount due for settlement after 12 months (shown under non-current liabilities)	**149,053**	189,600

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored with the Group's finance function.

The above represents leases for certain staff dormitories, office and office equipment of the Group. As at 31 December 2021, the weighted average incremental borrowing rate was 2.28% (30 June 2021: 2.28%) per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. These extension options are exercisable by the Group and not by the lessor.

21 DEFERRED TAX LIABILITIES

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
As at 1 July 2021/1 July 2020	**55,994**	61,338
Recognised in profit or loss during the period:		
– Accelerated tax depreciation	**(14,713)**	(5,344)
As at 31 December 2021/30 June 2021	**41,281**	55,994

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

22 SHARE CAPITAL

	Number of ordinary shares	Par Value *HK$*	Share capital *HK$*
Authorised share capital of the Company:			
At 1 July 2020, 30 June 2021 and 31 December 2021	1,500,000,000	0.01	15,000,000

	Number of ordinary shares	Share capital *S$*
Issued and fully paid of the Company:		
At 30 June 2021 and 31 December 2021	1,000,000,000	1,742,143

23 OPERATING LEASE COMMITMENTS

The operating lease in which the Group is the lessor relate to the investment property owned by the Group, and has a lease term of three years, with a one year extension option. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	As at 31 December 2021 (Unaudited) *S$*	As at 30 June 2021 (Audited) *S$*
Within one year	**34,800**	34,800
After one year but within five years	**–**	17,400
	34,800	52,200

The following table presents the amounts reported in profit or loss:

	For the six months ended 31 December	
	2021 (Unaudited) *S$*	2020 (Unaudited) *S$*
Lease income on operating leases *(Note 6a)*	**17,400**	9,955

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a M&E engineering contractor in Singapore specialised in providing electrical engineering solutions and its scope of services comprises (i) customisation and/or installation of electrical systems; (ii) assisting to obtain statutory approvals; and (iii) testing and commissioning. The Group has been established for over 30 years and our services are essential for ensuring the functionality and connectedness of the electrical systems as well as their compliance with the prescribed designs and statutory requirements. Our electrical engineering services are widely required in new building developments, redevelopment, additions and alterations ("**A&A**") works and upgrading projects, which involve residential, commercial and industrial buildings. In particular, we have established solid track record in undertaking electrical engineering works in public residential developments initiated by the Housing Development Board, the public housing authority of the Singapore Government.

During the six months ended 31 December 2021, our Group's revenue decreased by 26.2% to approximately S$10.5 million as compared to approximately S$14.3 million for the six months ended 31 December 2020. Our Group's gross profit also decreased by 51.2% to approximately $0.9 million, as compared to approximately S$1.8 million for the six months ended 31 December 2020. Our group's net profit also decreased by 232.1% to approximately net loss of S$0.1 million, as compared to approximately net profit of S$0.1 million for the six months ended 31 December 2020.

The above decrease is mainly due to the COVID-19 impact which has resulted in a significant slowdown in the progress of our Group's electrical engineering works. The resurgence of COVID-19 variants and cases globally have continued to cause disruption in the supply chain and resulting in manpower shortages, due to stringent border control measures. Material and labour costs have remained high during the reporting period ended 31 December 2021.

We foresee the construction industry in Singapore to remain challenging in the short term given the uncertainty of the development of the outbreak of COVID-19 globally. That said, based on the recent Building and Construction Authority (BCA) projection, the construction demand in Singapore is estimated to be between S$27 billion and S$32 billion during the year 2022, with the public sector projects contributing about 60% of the total demand. Over the medium-term, BCA projected the total construction demand to reach between S$25 billion and S$32 billion per year from 2023 to 2026, with the public sector expected to lead the demand, contributing S$14 billion to S$18 billion per year from 2023 to 2026. Given our Group's expertise in the public sector projects, the Board believes our Group is well positioned to take advantage of the rising construction demand over the coming years.

As at 31 December 2021, we had 37 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$172.4 million, of which approximately S$63.7 million had been recognised as revenue in prior periods, approximately S$9.6 million had been recognised as revenue during the reporting period ended 31 December 2021 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining S$0.9 million recognised as revenue during the six months ended 31 December 2021 is mainly attributed to projects which have been completed during the reporting period.

FINANCIAL REVIEW

	For the six months ended 31 December		
	2021	2020	Change
	S$ million	*S$ million*	*%*
Revenue	**10.5**	14.3	(26.2)
Gross profit	**0.9**	1.8	(51.2)
Gross profit margin	**8.3%**	12.6%	(4.3)
Net (loss)/profit	**(0.1)**	0.1	(232.1)

Revenue

The Group's principal operating activities are in the provision of electrical engineering services for both public and private sector projects. Our electrical engineering services are widely required in new building developments, redevelopment, A&A and upgrading projects, which involve residential, commercial and industrial buildings.

	For the six months ended 31 December					
	2021			2020		
	Number of projects with revenue contribution	**Revenue** ***S$ million***	**% of total revenue**	Number of projects with revenue contribution	Revenue *S$ million*	% of total revenue
Public sector projects	**41**	**7.3**	**69.4**	46	8.2	57.4
Private sector projects	**7**	**3.2**	**30.6**	13	6.1	42.6
Total	**48**	**10.5**	**100**	59	14.3	100.0

The Group's overall revenue decreased by approximately S$3.8 million or approximately 26.2% from approximately S$14.3 million for the six months ended 31 December 2020 to approximately S$10.5 million for the six months ended 31 December 2021. The decrease is mainly due to the impact from COVID-19 and the resurgence of COVID-19 cases globally. Stringent border control measures abroad and in Singapore continued to cause severe supply chain disruption and manpower shortages.

The above significantly delayed the progress of the Group's on-going projects and led to significant decrease in revenue recognised during the six months ended 31 December 2021.

Cost of Services

The Group's cost of services decreased by approximately S$2.9 million or approximately 22.6% from approximately S$12.5 million for the six months ended 31 December 2020 to approximately S$9.6 million for the six months ended 31 December 2021. Such decrease in cost of services was generally in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

	For the six months ended 31 December					
	2021			2020		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	S$ million	***S$ million***	***%***	*S$ million*	*S$ million*	*%*
Public sector projects	**7.3**	**0.6**	**7.8**	8.2	1.4	16.5
Private sector projects	**3.2**	**0.3**	**9.6**	6.1	0.4	7.3
Total	**10.5**	**0.9**	**8.3**	14.3	1.8	12.6

The gross profit of the Group for the six months ended 31 December 2021 amounted to approximately S$0.9 million, representing a decrease of approximately 51.2% as compared with approximately S$1.8 million for the six months ended 31 December 2020, which was driven by a decrease in revenue for the same period. The Group's gross profit margin for the six months ended 31 December 2021 was approximately 8.3%, which represents a decrease of 4.3% when compared with approximately 12.6% for the six months ended 31 December 2020.

Other Income

Other income mainly included income from (i) interest income from banks, (ii) government grants, (iii) rental income, (iv) insurance payout and (v) sundry income. During the six months ended 31 December 2021, other income amounted to approximately S$0.2 million (six months ended 31 December 2020: approximately S$0.6 million). The decrease in other income was mainly due to the decrease in government support grants for COVID-19 received for the six months ended 31 December 2021.

Other Gains or (Losses)

Other gains or (losses) mainly relates to net exchange gain or loss. During the six months ended 31 December 2021, other gains amounted to approximately S$60,000 (six months ended 31 December 2020: losses of approximately S$0.9 million). The increase in other gains was mainly due to the strengthening of US$ and HK$ currency against S$ in respect of the Group's bank balances during the six months ended 31 December 2021.

Administrative Expenses

The administrative expenses of the Group for the six months ended 31 December 2021 amounted to approximately S$1.3 million, which represents a slight increase compared to the six months ended 31 December 2020 of S$1.2 million, mainly due to lesser salary costs incurred during the six months ended 31 December 2020.

Circuit Breaker measures were imposed by the Singapore Government from 7 April 2020 to 1 June 2020 (the "**Circuit Breaker Period**") to combat the local transmission of COVID-19 in Singapore. Only approximately 20% of our on-going projects had been allowed to restart subsequent to the Circuit Breaker Period and the rest of the projects only fully recommenced from August/September 2020. Hence, lesser salary costs were incurred during the six months ended 31 December 2020 as compared to 31 December 2021.

Finance Costs

Finance costs for the six months ended 31 December 2021 was approximately S$1,000 which was relatively constant with that of the six months ended 31 December 2020 of approximately S$3,000.

Income Tax Expense

The Group's income tax expense decreased to approximately S$50,000 for the six months ended 31 December 2021 from approximately S$0.2 million for the six months ended 31 December 2020. Such decrease was mainly due to the decrease in assessable profit.

Net Profit/Loss

Net Profit/Loss attributable to owners of the Company for the six months ended 31 December 2021 decreased by approximately S$0.2 million from a net profit of approximately S$0.1 million for the six months ended 31 December 2020 to a net loss of approximately S$0.1 million for the six months ended 31 December 2021, which is generally in line with the decrease of revenue and gross profit for the six months ended 31 December 2021.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

Liquidity, Financial Resources and Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on 5 July 2019 and there has been no change in capital structure of the Group since then. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and net proceeds from the Share Offer.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in SGD, USD and HKD, are generally deposited with certain reputable financial institutions.

As at 31 December 2021, the Group had total cash and bank balances of approximately S$17.5 million, as compared with bank balances and cash of approximately S$17.7 million as at 30 June 2021. The Group did not have any bank borrowings as at 31 December 2021 and 30 June 2021.

Pledge of Assets

As at 31 December 2021, the Group had approximately S$0.3 million (as at 30 June 2021: S$0.3 million) of pledged bank deposits as part of the collateral for performance guarantees in favour of the Group's customers.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the reporting period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Foreign Exchange Risk

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in Singapore dollars and the Group's assets and liabilities are primarily denominated in Singapore dollars. However, the Group has certain bank balances denominated in US$ and HK$ amounting to S$13.5 million as at 31 December 2021 which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movements of the foreign currency rate without entering any hedging arrangements.

Gearing Ratio

Gearing ratio is calculated by dividing all borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2021 was nil (as at 30 June 2021: nil).

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies or Joint Ventures

There were no significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures by the Group during the six months ended 31 December 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Company's prospectus dated 20 June 2019 ("**Prospectus**"), the Group did not have other future plans for material investments or capital assets as at 31 December 2021.

Employees and Remuneration Policy

As at 31 December 2021, the Group had a total of 124 employees (31 December 2020: 139 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes during the six months ended 31 December 2021 amounted to approximately S$2.0 million (31 December 2020: S$1.8 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Retirement Benefit Costs

Payments made to Central Provident Fund ("**CPF**") are recognised as expense when employees have rendered service entitling them to the contributions.

During the six months ended 31 December 2021, there were no contribution forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2021, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

Contingent Liabilities

As at 31 December 2021, the Group had performance bonds of approximately S$0.9 million (30 June 2021: S$1.9 million) given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of our Group's obligation under the contracts entered into between our Group and the customers. The performance guarantees will be released upon completion of the contracts.

Capital Expenditures and Capital Commitments

During the six months ended 31 December 2021, the Group acquired items of plant and equipment of approximately S$20,000 (30 June 2021: S$0.2 million).

As at 31 December 2021, the Group had no material capital commitments.

Use of Net Proceeds from the Share Offer

The net proceeds from the Share Offer were approximately HK$95.0 million (S$16.6 million) (after deducting listing expenses). The Group has utilised the net proceeds from the Share Offer in accordance with the intended plan and purposes as outlined in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As disclosed in the announcement of the Group titled "Changes in Use of Proceeds" dated 13 May 2020, the Board resolved to change the use of the unutilised net proceeds. Set out below is the revised allocation of the unutilised net proceeds:

	Planned use of Net Proceeds as disclosed in the Prospectus *S$ million (approximately)*	Utilised Net Proceeds up to 13 May 2020 *S$ million (approximately)*	Unutilised Net Proceeds up to 13 May 2020 *S$ million (approximately)*	Re-allocation of the Unutilised Net Proceeds *S$ million (approximately)*	Unutilised Net Proceeds after re-allocation ("Re-allocated Net Proceeds") *S$ million (approximately)*
(i) Acquisition of a Singapore-based air-conditioning and mechanical ventilation contractor which is registered under the workhead of ME01 (air-conditioning, refrigeration and ventilation works) with at least "L4" grade	7.1	0.0	7.1	(3.6)	3.5
(ii) Strengthening the Group's manpower by recruiting additional staff	2.5	0.2	2.3	(1.5)	0.8
(iii) Expanding the Group's premises for its various operational needs	1.8	0.0	1.8	(1.8)	–
(iv) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects ***(existing new projects)***	1.7	1.7	0.0	+3.5	3.5
(v) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects ***(new potential projects)***	0.0	0.0	0.0	+3.0	3.0
(vi) Financing the acquisition of additional machinery and equipment	1.4	0.1	1.3	(0.7)	0.6
(vii) Purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading the Group's enterprise resource planning system	0.9	0.1	0.8	(0.4)	0.4
(viii) Financing the acquisition of additional lorries	0.3	0.1	0.2	–	0.2
(ix) Reserved as the Group's general working capital	0.9	0.9	0.0	+1.5	1.5
Total	16.6	3.1	13.5	–	13.5

The use of the Re-allocated Net Proceeds from the Share Offer as at 31 December 2021 was approximately as follows:

	Re-allocated Net Proceeds *S$ million (approximately)*	Utilised from 13 May 2020 to 31 December 2021 *S$ million (approximately)*	Unutilised Re-allocated Net Proceeds up to 31 December 2021 *S$ million (approximately)*	Expected date to fully utilise the unutilised Re-allocated Net Proceeds
(i) Acquisition of a Singapore-based air-conditioning and mechanical ventilation contractor which is registered under the workhead of ME01 (air-conditioning, refrigeration and ventilation works) with at least "L4" grade	3.5	0.0	3.5	On or before 30 June 2023
(ii) Strengthening the Group's manpower by recruiting additional staff	0.8	0.4	0.4	On or before 30 June 2023
(iii) Expanding the Group's premises for its various operational needs	–	–	–	N/A
(iv) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects ***(existing new projects)***	3.5	3.5	–	N/A
(v) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects ***(new potential projects)***	3.0	3.0	–	N/A
(vi) Financing the acquisition of additional machinery and equipment	0.6	0.0	0.6	On or before 30 June 2023
(vii) Purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading the Group's enterprise resource planning system	0.4	0.2	0.2	On or before 30 June 2023
(viii) Financing the acquisition of additional lorries	0.2	0.1	0.1	On or before 30 June 2023
(ix) Reserved as the Group's general working capital	1.5	1.5	–	N/A
Total	13.5	8.7	4.8	

As at 31 December 2021, the unutilised amount of net proceeds was placed in licensed banks in Hong Kong and Singapore and the Board expects that it will be utilised in the same manner as disclosed in the Prospectus and the Company's announcement dated 13 May 2020. Due to the adverse impact of the outbreak of COVID-19 on worldwide economies and the supply chains, the Board will continue to closely monitor the situation and evaluate the impact on the timeline to utilise the unutilised Re-allocated Net Proceeds and will keep shareholders and potential investors of the Company informed if there is any material change.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the six months ended 31 December 2021 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 31 December 2021, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2021.

AUDIT COMMITTEE

The interim results of the Group for the six months ended 31 December 2021 have not been audited by the independent auditors of the Company. The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 31 December 2021 and discussed with the management of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

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

Hong Kong, 25 February 2022

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. Leung Wing Chi Kylie, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang).