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HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1726)

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2018

The board (the “**Board**”) of directors (the “**Directors**”) of HKE Holdings Limited (the “**Company**”) announce the audited results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended 30 June 2018

	<i>Note</i>	2018 <i>S\$</i>	2017 <i>S\$</i>
Revenue	4	13,928,620	14,937,418
Cost of services/sales		<u>(8,162,246)</u>	<u>(8,432,129)</u>
Gross profit		5,766,374	6,505,289
Other income	5A	70,585	48,468
Other gains	5B	518,999	132,825
Administrative expenses		(1,294,339)	(618,196)
Listing expenses		<u>(3,391,288)</u>	<u>—</u>
Profit before taxation	6	1,670,331	6,068,386
Income tax expense	7	<u>(792,275)</u>	<u>(917,764)</u>
Profit for the year		<u>878,056</u>	<u>5,150,622</u>
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gain on available-for-sale financial assets, net of tax		—	223,323
Reclassified upon disposal of available-for-sale financial assets		—	<u>(127,511)</u>
Total comprehensive income for the year		<u>878,056</u>	<u>5,246,434</u>
Earnings per share			
Basic and diluted	9	<u>0.14 cents</u>	<u>0.87 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Note</i>	2018 <i>S\$</i>	2017 <i>S\$</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	<u>664,937</u>	<u>746,796</u>
Total non-current assets		<u>664,937</u>	<u>746,796</u>
Current assets			
Trade receivables	<i>11</i>	4,643,184	3,477,865
Other receivables, deposits and prepayments	<i>12</i>	153,293	76,985
Amounts due from customers for construction work	<i>13</i>	1,030,282	2,193,064
Restricted bank deposit	<i>14</i>	175,000	—
Bank balances and cash	<i>14</i>	<u>21,042,512</u>	<u>4,011,269</u>
Total current assets		<u>27,044,271</u>	<u>9,759,183</u>
Current liabilities			
Trade and other payables	<i>15</i>	895,249	1,415,017
Amounts due to customers for construction work	<i>13</i>	24,253	—
Income tax payable		<u>1,083,066</u>	<u>950,215</u>
Total current liabilities		<u>2,002,568</u>	<u>2,365,232</u>
Net current assets		25,041,703	7,393,951
Non-current liability			
Deferred tax liabilities	<i>16</i>	<u>25,270</u>	<u>25,652</u>
Total non-current liability		<u>25,270</u>	<u>25,652</u>
Net assets		<u><u>25,681,370</u></u>	<u><u>8,115,095</u></u>
Capital and reserves			
Share capital	<i>17</i>	1,335,760	1,000,000
Share premium	<i>18</i>	15,352,340	—
Merger reserves		1,000,119	—
Accumulated profits		<u>7,993,151</u>	<u>7,115,095</u>
Equity attributable to owners of the Company		<u><u>25,681,370</u></u>	<u><u>8,115,095</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial year ended 30 June 2018

	Share capital <i>(Note 17)</i> S\$	Share premium <i>(Note 18)</i> S\$	Available-for sale financial assets reserve S\$	Merger reserve S\$	Accumulated profits S\$	Total S\$
Balance at 1 July 2016	1,000,000	—	(95,812)	—	3,964,473	4,868,661
Profit for the year	—	—	—	—	5,150,622	5,150,622
Fair value change on available-for-sale financial assets, net of tax	—	—	223,323	—	—	223,323
Reclassified upon disposal of available- for-sale financial assets	—	—	(127,511)	—	—	(127,511)
Total comprehensive income for the year	—	—	95,812	—	5,150,622	5,246,434
<i>Transactions with owners, recognised directly in equity</i>						
Dividends <i>(Note 8)</i>	—	—	—	—	(2,000,000)	(2,000,000)
Balance at 30 June 2017	1,000,000	—	—	—	7,115,095	8,115,095
Profit for the year, representing total comprehensive income for the year	—	—	—	—	878,056	878,056
<i>Transactions with owners, recognised directly in equity</i>						
Issue of shares pursuant to the reorganisation <i>(Note A)</i>	17	—	—	119	—	136
Reorganisation	(1,000,000)	—	—	1,000,000	—	—
Issue of shares under capitalisation issue <i>(Note 18)</i>	1,001,803	(1,001,803)	—	—	—	—
Issue of shares under the share offer	333,940	18,212,080	—	—	—	18,546,020
Share issue expenses	—	(1,857,937)	—	—	—	(1,857,937)
Balance at 30 June 2018	1,335,760	15,352,340	—	1,000,119	7,993,151	25,681,370

Note A: The reserve arose from the share swap pursuant to agreement entered between Mr. Ang Kong Meng, Mr. Ryan Ong Wei Liang and Mr. Koh Lee Huat (all defined in Note 2) and the Company dated 2 March 2018 to which the Company acquired 200 shares in Philosophy Global Limited representing its entire issued share capital and in consideration thereof, 9,999 shares were issued and allotted by the Company, all credited as fully paid by the Company, credited as fully paid, to Skylight Illumination. Since then, the Company became the holding company of the Group. Details of which are set out in Note 2.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 30 June 2018

1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 August 2017. The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal place of business is at 10 Admiralty Street, #02-47 North Link Building, Singapore 757695. The Company is an investment holding company and the principal activities of its operating subsidiary, Hwa Koon Engineering Pte. Ltd., are provision of integrated design and building services in the medical and healthcare sectors with expertise in performing radiation shielding works.

The Company is a subsidiary of Skylight Illumination Limited, incorporated in the British Virgin Islands (“**BVI**”), which is also the Company’s ultimate holding company.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 April 2018.

The functional currency of the Company is Singapore dollars (“**S\$**”), which is also the presentation currency of the Company and its principal subsidiaries.

2 GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

In preparing for the initial listing of the shares of HKE Holdings Limited on the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the “**Reorganisation**”) as described below. Prior to the Reorganisation, Mr. Ang Kong Meng (“**Mr. Ang**”), Mr. Ryan Ong Wei Liang (“**Mr. Ong**”) and Mr. Koh Lee Huat (“**Mr. Koh**”) (collectively referred to as the “**Controlling Shareholders**”, who owned 51%, 34% and 15% equity interest in Hwa Koon Engineering Pte Ltd respectively) has been controlling Hwa Koon Engineering Pte Ltd on a collective basis on decisions relating relevant activities, including but not limited to, financial, management and operational matters, of Hwa Koon Engineering Pte Ltd. Each of the Controlling Shareholders have reiterated their agreement in writing that, in respect of the aforesaid matters in relation to Hwa Koon Engineering Pte Ltd, they have always been acting in concert.

The Reorganisation comprised of the following steps:

- On 29 May 2017, Skylight Illumination Limited (“**Skylight Illumination**”, a company not forming part of the Group) was incorporated in the British Virgin Islands (“**BVI**”) with limited liability. On 28 July 2017, 51 ordinary shares, 34 ordinary shares and 15 ordinary shares of Skylight Illumination were issued and allotted to Mr. Ang, Mr. Ong and Mr. Koh respectively.

- On 29 May 2017, Philosophy Global Limited was incorporated in the BVI with limited liability. On 28 July 2017, 51 ordinary shares, 34 ordinary shares and 15 ordinary shares of Philosophy Global Limited were issued and allotted to Mr. Ang, Mr. Ong and Mr. Koh at cash consideration of US\$51, US\$34 and US\$15, respectively.
- On 18 August 2017, the Company was incorporated in the Cayman Islands with limited liability with an initial authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares with par value of HK\$0.01 each. On 18 August 2017, one nil-paid subscriber share, was allotted and issued to the initial subscriber and was transferred to Skylight Illumination on the same day.
- On 14 September 2017, Mr. Ang, Mr. Ong and Mr. Koh, as vendors and Philosophy Global Limited, as purchaser, entered into a sale and purchase agreement, pursuant to which Philosophy Global Limited acquired 510,000 shares, 340,000 shares and 150,000 shares of Hwa Koon Engineering Pte Ltd, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh, respectively, for exchange of 51 ordinary shares, 34 ordinary shares and 15 ordinary shares issued and allotted by Philosophy Global Limited, credited as fully paid, to Mr. Ang, Mr. Ong and Mr. Koh, respectively.
- On 2 March 2018, Mr. Ang, Mr. Ong and Mr. Koh, as vendors and the Company, as purchaser, entered into a sale and purchase agreement, pursuant to which the Company acquired by 102 ordinary shares, 68 ordinary shares and 30 ordinary shares of Philosophy Global, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh, respectively, for exchange of 9,999 shares issued and allotted by the Company, credited as fully paid, to Skylight Illumination. Upon the completion of the above acquisition on 2 March 2018, Philosophy Global became a wholly-owned subsidiary of the Company.

The Group resulting from the above mentioned Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Reorganisation have been in existence throughout the period or their respective dates of incorporation whichever is the shorter period.

The shares of the Company have been listed on the Stock Exchange since 18 April 2018.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 July 2017, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS (“INT IFRS”) that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of the consolidated financial statements, the Group has not applied the following new and revised IFRSs relevant to the Group that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related amendments ¹
IFRS 16	Leases ²
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2018 with early application permitted.

² Effective for annual periods beginning on or after 1 January 2019 with early application permitted.

Except as described below, the directors of the Company considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the future.

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the directors of the Company anticipates that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 30 June 2018.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cashflows, the Group currently

presents operating lease payments as operating cash flows. Under the IFRS16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2018, the Group had non-cancellable operating lease commitments of S\$51,440 (2017: S\$90,800). A preliminary assessment indicates that approximately S\$Nil (2017: S\$51,200) out of these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The directors of the Company anticipate that the application of IFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with IAS 17 currently adopted by the Group. Nevertheless, the application of new requirements may result changes in presentation and disclosure as indicated above.

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (i) provision of services including preparation and consultation on building design and specifications, performance of building works (mainly including radiation shielding works, M&E works and fitting-out works) and assisting to obtain statutory approvals and certifications for the building works (“**Integrated design and building services**”) to external customers, (ii) provision of maintenance services generally comprise conducting examinations, replacement of parts and repair works (if necessary) in relation to the radiation shielding works and mechanical & electrical works, and provision of other ancillary services generally include minor renovation and installation works, dismantling and disposal of used medical equipment, removal of construction waste materials, and cleaning of the work sites upon completion of building works, etc. (“**Maintenance and other services**”) and (iii) sales of tools and materials (such as fabricated radiation shielding products, signage boards, lead sheet and lead glass) (“**Sales of tools and materials**”).

Information is reported to the shareholder, being the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. “Integrated design and building services”, “Maintenance and other services” and “Sales of tools and materials”. No other analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial performance of the Group as a whole. Accordingly, the CODM has identified one operating segment. 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 year ended 30 June 2018 is as follows:

	2018	2017
	S\$	S\$
Revenue from:		
Integrated design and building services	13,358,328	14,571,194
Maintenance and other services	474,386	330,370
Sales of tools and materials	95,906	35,854
	<u>13,928,620</u>	<u>14,937,418</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the reporting period.

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the year ended 30 June 2018 are as follows:

	2018	2017
	S\$	S\$
Customer A	2,510,207	N/A*
Customer B	2,601,973	3,618,049
Customer C	3,019,533	N/A*
Customer D	1,675,945	N/A*
Customer H	N/A*	2,487,259
Customer I	N/A*	1,725,000

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the reporting period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. Revenue derived from Singapore represents 99.2% of total revenue for the year ended 30 June 2018 (2017: 97.5%) based on the location of products, services delivered and the Group's property, plant and equipment which are all located in Singapore.

5A OTHER INCOME

	2018	2017
	S\$	S\$
Dividend income from available-for-sale financial assets	—	27,000
Government grants (<i>note</i>)	17,569	13,430
Interest income	47,996	118
Others	5,020	7,920
	<u>70,585</u>	<u>48,468</u>

Note: Government grants mainly include the Wage Credit Scheme, the Productivity and the Temporary Employment Credit, all of them 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.

Included in the amounts are S\$5,401 (2017: S\$3,517) representing grants received under the Wage Credit Scheme for the year ended 30 June 2018. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of co-funding 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S\$4,000 and below in 2017 and 2018, respectively.

During the year ended 30 June 2018, the Group received S\$4,606 (2017: S\$8,332) grants under the Temporary Employment Credit. Under the Temporary Employment Credit scheme, the government provides assistance to alleviate business costs due to increases in contribution rates of employee's national saving schemes.

During the year ended 30 June 2018, the Group received S\$2,394 (2017: S\$1,581) under the Special Employment Credit. Under the Special Employment Credit scheme, the government aims to encourage and facilitate Singapore-registered business to hire Singaporean workers more than 50 years old and persons with disabilities.

5B OTHER GAINS

	2018	2017
	S\$	S\$
Gain arising on disposal of property, plant and equipment	—	5,314
Gain arising on disposal of available-for-sale financial assets	—	127,511
Unrealised exchange gain, net	518,999	—
	<u>518,999</u>	<u>132,825</u>

6 PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2018 S\$	2017 S\$
Depreciation of property, plant and equipment		
Recognised as cost of services/sales	56,172	72,958
Recognised as administrative expenses	<u>34,696</u>	<u>25,624</u>
	<u>90,868</u>	<u>98,582</u>
Annual audit fees paid to auditors of the Company	100,000	—
Listing expenses (<i>Note a</i>)	3,391,288	—
Directors' and chief executive's remuneration	326,799	326,111
Other staff costs		
— Salaries and other benefits	2,141,557	1,879,868
— Contributions to CPF	<u>145,256</u>	<u>124,069</u>
Total staff costs	<u>2,613,612</u>	<u>2,330,048</u>
Cost of materials recognised as cost of services/sales	1,507,013	2,505,649
Subcontractor costs recognised as cost of services/sales	<u>3,839,627</u>	<u>3,221,925</u>

Note:

- a. Included in listing expenses are audit fees S\$390,000 paid to auditors of the Group, and non-audit fees of S\$103,095 paid to other auditors of the Group.

7 INCOME TAX EXPENSE

	2018	2017
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	792,657	908,740
Deferred tax (credit) expense (<i>Note 16</i>)	<u>(382)</u>	<u>9,024</u>
	<u>792,275</u>	<u>917,764</u>

Singapore CIT is calculated at 17% of the estimated assessable profit and Hwa Koon Engineering Pte Ltd is further eligible for CIT rebate of 20%, capped at \$10,000 for Year of Assessment 2019 and 40%, capped at \$15,000 for Year of Assessment 2018, determined based on financial year end date of the Company. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

The taxation for the year ended 30 June 2018 can be reconciled to the profit before taxation per the statements of profit or loss and other comprehensive income as follows:

	2018	2017
	S\$	S\$
Profit before taxation	<u>1,670,331</u>	<u>6,068,386</u>
Tax at applicable tax rate of 17%	283,956	1,031,626
Tax effect of expenses not deductible for tax purpose	2,296	1,987
Tax effect of income not taxable for tax purpose	—	(26,267)
Effect of tax concessions and partial tax exemptions (<i>Note</i>)	(35,925)	(89,582)
Effect of tax rates of subsidiaries operating in other jurisdiction	553,693	—
Others	<u>(11,745)</u>	<u>—</u>
Taxation for the year	<u>792,275</u>	<u>917,764</u>

Note: Tax concessions pertain to incentive schemes given by the Singapore tax authority. One of the major tax concession is Productivity and Innovation Credit (“PIC”) Scheme. Under the PIC Scheme, the subsidiary enjoys 400% tax deductions for qualifying expenditure incurred for the Years of Assessment 2018. The PIC scheme will lapse after Years of Assessment 2018.

8 DIVIDENDS

No dividend was paid or declared by the Company for the year ended 30 June 2018.

For the year ended 30 June 2017, an aggregate amount of dividends of S\$2,000,000 (S\$0.33 cents per share) was declared by Hwa Koon Engineering Pte Ltd, a subsidiary of the Company, to its then equity owner. A total of \$2,672,660 was paid during the year ended 30 June 2017, being payment of \$2,000,000 for dividends declared in 2017 and \$672,660 for remaining unpaid dividends declared in 2016.

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2018	2017
Profit attributable to the owners of the Company (S\$)	878,056	5,246,434
Weighted average number of ordinary shares in issue	640,000,000	600,000,000
Basic and diluted earnings per share	<u>0.14 cents</u>	<u>0.87 cents</u>

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 30 June 2017 is based on 600,000,000 shares, which were issued pursuant to the assumption that the Reorganisation and the capitalisation issue as detailed in Note 17, and deemed to have been issued since 30 June 2017.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2018 and 2017.

10 PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery S\$	Leasehold properties S\$	Computers and office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Total S\$
<i>Cost</i>						
At 1 July 2016	48,661	631,290	63,135	343,607	30,352	1,117,045
Additions	308	—	53,667	90,800	15,080	159,855
Disposals	—	—	—	(39,200)	—	(39,200)
At 30 June 2017	48,969	631,290	116,802	395,207	45,432	1,237,700
Additions	2,044	—	6,521	—	444	9,009
Disposals	—	—	(6,082)	—	(3,589)	(9,671)
At 30 June 2018	51,013	631,290	117,241	395,207	42,287	1,237,038
<i>Accumulated depreciation</i>						
At 1 July 2016	37,396	126,649	39,941	197,388	30,148	431,522
Charge for the year	3,680	11,691	13,095	69,276	840	98,582
Elimination on disposals	—	—	—	(39,200)	—	(39,200)
At 30 June 2017	41,076	138,340	53,036	227,464	30,988	490,904
Charge for the year	3,995	11,689	19,860	52,177	3,147	90,868
Elimination on disposals	—	—	(6,082)	—	(3,589)	(9,671)
At 30 June 2018	45,071	150,029	66,814	279,641	30,546	572,101
<i>Carrying values</i>						
At 30 June 2017	<u>7,893</u>	<u>492,950</u>	<u>63,766</u>	<u>167,743</u>	<u>14,444</u>	<u>746,796</u>
At 30 June 2018	<u>5,942</u>	<u>481,261</u>	<u>50,427</u>	<u>115,566</u>	<u>11,741</u>	<u>664,937</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Plant and machinery	5 years
Leasehold properties	54 years
Computers and office equipment	5 years
Motor vehicles	5 years
Furniture and fittings	5 years

11 TRADE RECEIVABLES

	2018 S\$	2017 S\$
Trade receivables	4,482,202	3,332,464
Retention receivables (<i>Note</i>)	<u>160,982</u>	<u>145,401</u>
	<u>4,643,184</u>	<u>3,477,865</u>

Note: Retention monies withheld by customers of construction works are released after the completion of warranty period of the relevant contracts, which is usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle.

The Group grants credit terms to customers typically for 30, 60 or 90 days from the invoice date for trade receivables.

The table below is an analysis of trade receivables by age presented based on the invoice date at the end of each reporting period:

Analysis of trade receivables:

	2018 S\$	2017 S\$
Within 30 days	1,463,093	1,180,156
31 days to 60 days	780,394	600,421
61 days to 90 days	257,707	749,595
91 days to 180 days	1,959,864	475,557
181 days to 1 year	<u>21,144</u>	<u>326,735</u>
	<u>4,482,202</u>	<u>3,332,464</u>

The carrying values of trade receivables approximate their fair values.

Included in the Group's trade receivables are carrying amounts of approximately S\$2,387,075 which are past due at 30 June 2018 (2017: S\$1,306,678), 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.

Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts, determined by reference to individual customer's credit quality. In determining the recoverability of trade receivables, the Group considers if there is any change in the credit quality of the trade receivables from the initial recognition date to the end of each reporting period. Considering the high credibility of these customers, good track record with the Group and subsequent settlement, management believes the trade receivables at the end of each reporting period are of good credit quality and that no impairment allowance is necessary in respect of the remaining unsettled balances.

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

12 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 S\$	2017 S\$
Deposits	99,285	55,230
Prepayments	28,518	6,995
Advances to staff	14,670	14,670
Sundry receivables	10,820	—
	<u>153,293</u>	<u>76,985</u>

13 AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORK

	2018 S\$	2017 S\$
Contract costs incurred plus recognised profits (less recognised losses) to date	7,496,999	5,791,440
Less: Progress billings	<u>(6,490,970)</u>	<u>(3,598,376)</u>
	<u>1,006,029</u>	<u>2,193,064</u>
Analysed for reporting purposes as:		
Amounts due from customers for construction work	1,030,282	2,193,064
Amounts due to customers for construction work	<u>(24,253)</u>	<u>—</u>
	<u>1,006,029</u>	<u>2,193,064</u>

14 BANK BALANCES AND CASH

	2018	2017
	S\$	S\$
Cash at Bank	3,073,399	4,011,269
Cash on hand	7,136	—
Fixed Deposit	<u>18,136,977</u>	<u>—</u>

As at 30 June 2018, approximately S\$683,798 (2017: S\$59,660) included in bank balances carry interest rate of 0.78% (2017: 0.78%) per annum.

Included in bank balances is a fixed deposit amounting to S\$175,000 (2017: S\$Nil) which is placed for 12 months and carries interest rate of 0.25% per annum. The fixed deposit is pledged to bank for performance bonds issued in favour of a customer amounting to approximately S\$174,000.

Other than a S\$ time deposit with a maturity of one month amounting to S\$3,200,000 (2017: S\$Nil) which carries interest at 1.30% per annum as at 30 June 2018, and another United States Dollar (“US\$”) time deposit with a maturity of three months amounting to S\$14,761,977 (2017: S\$Nil) which carries interest at 2.62% per annum as at 30 June 2018, the remaining balances do not carry interest.

15 TRADE AND OTHER PAYABLES

	2018	2017
	S\$	S\$
Trade payables	300,474	1,093,110
Trade accruals	<u>24,207</u>	<u>39,306</u>
	<u>324,681</u>	<u>1,132,416</u>
Accrued operating expenses	178,809	65,677
Other payables		
GST payable	153,988	93,615
Payroll and CPF payable	235,958	115,435
Others	<u>1,813</u>	<u>7,874</u>
	<u>570,568</u>	<u>282,601</u>
	<u>895,249</u>	<u>1,415,017</u>

The credit period on purchases from suppliers and subcontractors is between 14 and 90 days or payable upon delivery and rendering of services.

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

	2018 S\$	2017 S\$
Within 90 days	300,400	1,093,110
91 days to 180 days	<u>74</u>	<u>—</u>
	<u>300,474</u>	<u>1,093,110</u>

16 DEFERRED TAX LIABILITIES

	2018 S\$	2017 S\$
As at 1 July	25,652	16,628
(Credit) charged to profit or loss for the period (<i>Note 7</i>)	<u>(382)</u>	<u>9,024</u>
As at 30 June	<u>25,270</u>	<u>25,652</u>

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 law in Singapore.

17 SHARE CAPITAL

The issued share capital as at 30 June 2017 represented the share capital of Hwa Koon Engineering Pte Ltd comprising of 1,000,000 shares at S\$1 each.

On 29 May 2017, Philosophy Global was incorporated in the BVI with limited liability. On 28 July 2017, 51 ordinary shares, 34 ordinary shares and 15 ordinary shares, all with no par value, of Philosophy Global were issued and allotted to Mr. Ang, Mr. Ong and Mr. Koh at cash consideration of US\$51, US\$34 and US\$15, respectively. On 14 September 2017, Philosophy Global further issued 100 shares to Mr. Ang, Mr. Ong and Mr. Koh for exchange of their respective equity interest in Hwa Koon Engineering Pte Ltd (details of which are set out in Note 2). On 18 August 2017, the Company was incorporated with an authorised share capital of HK\$100,000 divided into 10,000,000 shares with par value of HK\$0.01 each. On 18 August 2017, the Company allotted and issued one share.

On 2 March 2018, Mr. Ang, Mr. Ong and Mr. Koh, as vendors and the Company, as purchaser, entered into a sale and purchase agreement, pursuant to which the Company acquired by 102 ordinary shares, 68 ordinary shares and 30 ordinary shares of Philosophy Global, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh, respectively, for exchange of 9,999 shares issued and allotted by the Company, credited as fully paid, to Skylight Illumination. Upon the completion of the above acquisition on 2 March 2018, Philosophy Global became a wholly-owned subsidiary of the Company.

On 15 March 2018, the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 by the creation of an additional of 1,490,000,000 shares of HK\$0.10 each, each ranking pari passu with the shares.

As part of the Share Offer, the Company allotted and issued a total of 599,990,000 shares to the shareholder(s) whose name(s) appear on the register of members or the principal share register of the Company at the close of business on 15 March 2018 (credited as fully paid at par, by way of capitalisation of the sum of HK\$5,999,900 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”).

The Company was successfully listed on the Main Board of the Stock Exchange on 18 April 2018 by way of share offer of 200,000,000 shares at the price of HK\$0.55 per share (the “**Share Offer**”).

Movements of the issued share capital of the Company from its date of incorporation to 30 June 2018 are as follows:

	<i>No. of shares</i>	<i>S\$</i>
Issued and fully paid ordinary shares:		
At date of incorporation	1	—
Shares issued pursuant to the reorganisation	9,999	17
Shares issued under the Capitalisation Issue	599,990,000	1,001,803
Shares issued under the Share Offer	200,000,000	333,940
	<u>800,000,000</u>	<u>1,335,760</u>
At 30 June 2018	<u>800,000,000</u>	<u>1,335,760</u>

18 SHARE PREMIUM

The amounts of the Group’s share premium and the movements therein during the financial year ended 30 June 2018 are presented in the consolidated statement of changes in equity.

Share premium represents the excess of consideration for the shares issued over the aggregate par value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

During the year ended 30 June 2018, the revenue of the Group decreased by 6.8% to approximately S\$13.9 million as compared to approximately S\$14.9 million for the year ended 30 June 2017. The drop in revenue was due to (i) delay in tendering processing of several sizable tendered projects which the Group originally expected to be awarded during the year ended 30 June 2018; (ii) certain downward adjustment on contract sum of one of the major projects on hand upon final negotiation with customer; and (iii) delay or cancellation of work order for a few projects.

Over the years, the Singapore Government has progressively planned its healthcare facilities and infrastructure developments to meet growing demand for healthcare needs and at the same time strengthening its position as a regional medical hub. These developments include new building construction, refurbishment, addition and alteration works, demolition, repair and maintenance work on medical-related facilities. Example of recent new healthcare facilities construction projects include, the new national cancer centre that has commenced work in May 2017 and is expected to be completed in May 2020 and an extensive redevelopment and expansion master plan for the Singapore General Hospital Campus which will span across the next two decades. New clean rooms and radiology-related facilities are generally required in the new healthcare facilities. The Directors are therefore of the opinion that the Singapore Government's initiative to increase the medical-related facilities will, therefore, drive the demand for medical-related radiation shielding works.

FINANCIAL REVIEW

Revenue

The Group's principal operating activities are as follows: (i) integrated design and building services; (ii) maintenance and other services; and (iii) sales of tools and materials.

An analysis of the Group's revenue for the financial year ended 30 June 2018 compared to the year ended 30 June 2017 is as follows:

	2018	2017
	S\$	S\$
Revenue from:		
Integrated design and building services	13,358,328	14,571,194
Maintenance and other services	474,386	330,370
Sales of tools and materials	95,906	35,854
	<u>13,928,620</u>	<u>14,937,418</u>

The Group's revenue decreased from approximately S\$14.9 million for the year ended 30 June 2017 to approximately S\$13.9 million for the year ended 30 June 2018, representing a decrease of approximately S\$1.0 million or 6.8%.

Revenue deriving from integrated design and building services decreased by approximately S\$1.2 million or 8.3% from approximately S\$14.6 million for the year ended 30 June 2017 to approximately S\$13.4 million for the year ended 30 June 2018. Such decrease was mainly due to i) the downward adjustment on contract sum of one of the major projects upon final negotiation with customer and delay or cancellation of work orders for a few projects; and ii) delay in tendering processing of several sizable tendered projects which the Group originally expected to be awarded during the year ended 30 June 2018.

Revenue deriving from maintenance and other services increased by approximately S\$0.2 million or 43.6% from approximately S\$0.3 million for the year ended 30 June 2017 to approximately S\$0.5 million for the year ended 30 June 2018. This was mainly contributed by increased recurring maintenance services procured by our customer due to good relationship built with them during prior projects.

The increase in sales of tools and materials by approximately \$0.1 million or 167.5% was due to an increase in export sales of lead materials in the year ended 30 June 2018.

Cost of Services/Sales

The Group's cost of services/sales decreased from approximately S\$8.4 million for the year ended 30 June 2017 to approximately S\$8.2 million for the year ended 30 June 2018, representing a decrease of approximately S\$0.2 million or 3.2%.

Such decrease was mainly attributable to the decrease in materials used by the Group along with the decrease in revenue derived from integrated design and building services during the year ended 30 June 2018. The direct material cost of the Group was approximately S\$1.5 million in the year ended 30 June 2018, representing a decrease of approximately S\$1.0 million or 39.9% from approximately S\$2.5 million in the year ended 30 June 2017.

The decrease in material cost was offset by the increased use of sub-contractors by the Group during the year ended 30 June 2018 by approximately S\$0.6 million or 19.2% as compared to the year ended 30 June 2017. The increased use of sub-contractors for the year ended 30 June 2018 was mainly due to the increased work scope of projects involved by the Group requiring specialized skills such as M&E works relating to ACMV systems and fitting-out works involving carpentry works.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 30 June 2018 amounted to approximately S\$5.8 million, representing a decrease by approximately 11.4% as compared with approximately S\$6.5 million for the year ended 30 June 2017, which was due to decrease in revenue for the same period. The Group's gross profit margin for the year ended 30 June 2018 was approximately 41.4%, as compared with approximately 43.6% for the year ended 30 June 2017. The slight decrease in gross profit margin over the year ended 30 June 2017 was mainly attributable to the more competitive pricing provided to customers to secure new projects during the financial year ended 30 June 2018.

Other Gains

The Group's other gains significantly increased by approximately S\$0.4 million or 290.7% from approximately S\$0.1 million for the year ended 30 June 2017 to approximately S\$0.5 million for the year ended 30 June 2018. Such significant increase in other gains was mainly due to the recognition of unrealised foreign exchange gain of approximately S\$0.5 million for cash and cash equivalents, arising from the Net Proceeds (as defined herein), denominated in Hong Kong dollars and United States dollars.

Administrative Expenses

The Group's administrative expenses increased by S\$0.7 million or 109.4% from approximately S\$0.6 million for the year ended 30 June 2017 to approximately S\$1.3 million for the year ended 30 June 2018. The following is a discussion on the material changes in the components of administrative expense:

Total staff cost arising from administrative expenses (including directors' remuneration) increased by S\$0.2 million or 34.9% from approximately S\$0.4 million for the year ended 30 June 2017 to approximately S\$0.6 million for the year ended 30 June 2018. The increase was mainly contributed by an increase in head count for the finance and procurement departments.

The professional fees of the Group increased by S\$0.3 million or 1,084.0% during the financial year ended 30 June 2018. Such increase was mainly due to the additional administrative and compliance cost as a listed company in connection with the listing of the Company's shares (the "**Listing**").

The entertainment and travelling expenses for the Group increased by S\$0.2 million or 943.0% during the year ended 30 June 2018. The increase was mainly due to the corporate events organized by the Group to promote brand awareness of the Group to potential clients and suppliers.

Income Tax Expense

Income tax expense decreased from approximately S\$0.9 million for the year ended 30 June 2017 to approximately S\$0.8 million for the year ended 30 June 2018. Such decrease was due to the decrease in our profit before income tax, partially offset by the recognition of deferred tax liabilities which arose mainly from the excess of tax over book depreciation of plant and equipment.

Profit for the Year

As a result of the above factors, the Group recorded a profit for the year of approximately S\$0.9 million for the year ended 30 June 2018 (2017: approximately S\$5.2 million). If the non-recurring Listing expenses incurred in the year ended 30 June 2018 of approximately S\$3.4 million were excluded, the Group would have recorded a profit for the year of approximately S\$4.3 million in the year ended 30 June 2018, representing a decrease of approximately S\$0.9 million as compared to the year ended 30 June 2017. The decrease was mainly due to the combined effect of lower gross profit and higher administrative expenses.

Final Dividend

The Board did not recommend payment of a final dividend in the financial year ended 30 June 2018.

Liquidity, Financial Resources and Capital Structure

The ordinary shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 April 2018 and there has been no change in capital structure of the Group since then.

As at 30 June 2018, the Group had total cash and bank balances of approximately S\$21.0 million (2017: approximately S\$4.0 million). The increase was mainly due to the net proceeds received from the Listing.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the year ended 30 June 2018. 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.

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 30 June 2018 was 0% (as at 30 June 2017: 0%).

Pledge of Assets

As at 30 June 2018, the Group had approximately S\$0.2 million (2017: S\$Nil) of pledged bank deposit for corresponding amount of performance guarantee issued in favour of a customer.

Foreign Exchange Risk

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group’s operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars and United States dollars amounting to approximately S\$1.3 million and S\$14.8 million, respectively, as at 30 June 2018 (2017: S\$Nil) that are exposed to foreign exchange rate risks. The Group recorded an unrealised foreign exchange gain of approximately S\$0.5 million in the financial year ended 30 June 2018 (2017: S\$Nil).

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Apart from the reorganisation in relation to the Listing (as set out under the section headed “History, Development and Reorganisation” of the prospectus of the Company dated 28 March 2018 (the “**Prospectus**”)), there were no significant investments held, material

acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 30 June 2018. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 June 2018.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 30 June 2018.

Employees and Remuneration Policy

As at 30 June 2018, the Group employed a total of 43 full-time employees (including two executive Directors), as compared to 40 full-time employees as at 30 June 2017. Total staff costs in the year ended 30 June 2018 amounted to approximately S\$2.6 million (2017: approximately S\$2.3 million), which included Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes. In order to attract and retain valuable employees, the performance of the Group's employees are annually reviewed. The Group provides adequate job training to 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.

Capital Commitments and Contingent Liabilities

As at 30 June 2018, the Group has provided guarantees to two customers in respect of performance bonds in favour of the customers amounting to approximately S\$200,000, in which approximately S\$174,000 was pledged with a restricted bank deposit amounting to S\$175,000.

As at 30 June 2018, the Group had no material capital commitments.

Use of Net Proceeds from the Listing

The net proceeds from the Listing, after deducting listing expenses (including underwriting fees), and other expenses arising from the Listing ("**Net Proceeds**") were approximately HK\$84.0 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus. As stated in the Prospectus, our Company intended to apply the Net Proceeds for: (i) acquisition of additional property for workshop and office use; (ii) strengthening our manpower by recruiting additional staff; (iii) increasing our reserve for

financing the issue of performance guarantees in favour of our customers; (iv) financing the acquisition of additional motor vehicles and additional machinery; (v) increasing our marketing efforts; and (vi) use as general working capital.

The Net Proceeds were applied by the Group during the period from the Listing Date up to 30 June 2018 as follows:

Use of Net Proceeds:	Planned use of Net Proceeds HK\$'000	Actual use of net Proceeds from the Listing Date to 30 June 2018 HK\$'000	Unused amount HK\$'000
Acquisition of additional property for workshop and office use (<i>Note 1</i>)	34,000	—	34,000
Recruiting additional staff	21,500	989	20,511
Issue of performance guarantees	4,800	143	4,657
Acquisition of additional motor vehicles and machinery (<i>Note 2</i>)	5,100	—	5,100
Increasing our marketing efforts	2,300	1,083	1,217
Use as general working capital	6,300	6,300	—

Note 1: As at 30 June 2018, the Directors were currently considering quotations from a few property agents in deciding the best location and price for the acquisition of the new property.

Note 2: As at 30 June 2018, the Group has yet to acquire any motor vehicles and machineries using the Net Proceeds, as the Group is still in discussion with potential vendors in securing the most competitive pricing.

As at 30 June 2018, the unutilised Net Proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Singapore and Hong Kong.

EVENTS AFTER REPORTING PERIOD

The Directors confirm that there are no major events that affects the business or financial performance of the Group after 30 June 2018.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since the listing of the shares of the Company on the Stock Exchange on 18 April 2018 to the date of this announcement.

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

During the year ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF SHAREHOLDERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT THE ANNUAL GENERAL MEETING OF THE COMPANY (THE "AGM")

For the purpose of determining the rights to attend and vote at the AGM, the register of shareholders of the Company will be closed from Friday, 16 November 2018 to Wednesday, 21 November 2018 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the AGM, unregistered holders of the shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 15 November 2018.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for the year ended 30 June 2018 and discussed with the management and the auditor 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

HKE Holdings Limited

Koh Lee Huat

Chief Executive Officer and Executive Director

Hong Kong, 21 September 2018

As at the date of this announcement, the Board comprises one non-executive Director, namely Mr. Ang Kong Meng; two executive Directors, namely Mr. Koh Lee Huat and Mr. Ryan Ong Wei Liang; and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred.