# Khoon Group Limited
# 坤集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 924)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Khoon Group Limited (the "**Company**") is pleased to present the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 30 June 2021 together with comparative audited figures for the corresponding period in 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the financial year ended 30 June 2021*

| | *Notes* | **2021** | 2020 |
|---|---|---|---|
| | | ***S$*** | *S$* |
| **Revenue** | *5* | **26,303,945** | 37,898,045 |
| Cost of services | | **(24,069,105)** | (31,023,927) |
| **Gross profit** | | **2,234,840** | 6,874,118 |
| Other income | *6a* | **990,401** | 885,735 |
| Other gains and losses | *6b* | **(553,395)** | 419,811 |
| Allowance for impairment losses | *6c* | **–** | (416,486) |
| Administrative expenses | | **(2,660,698)** | (2,810,793) |
| Finance costs | *7* | **(3,553)** | (5,665) |
| Listing expenses | *9* | **–** | (423,905) |
| **Profit before taxation** | | **7,595** | 4,522,815 |
| Income tax expense | *8* | **(190,720)** | (818,417) |
| **(Loss) profit and other comprehensive (loss) income for the year** | *9* | **(183,125)** | 3,704,398 |
| **Basic and diluted (loss) earnings per share (S$ cents)** | *11* | **(0.02)** | 0.37 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2021*

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | S$ | S$ |
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 12 | **570,489** | 733,238 |
| Investment property | 13 | **839,890** | 855,912 |
| Right-of-use assets | 14 | **295,432** | 254,594 |
| Deposits | 16a | **–** | 402,450 |
| | | **1,705,811** | 2,246,194 |
| **Current assets** | | | |
| Trade receivables | 15 | **7,050,305** | 2,854,253 |
| Other receivables, deposits and prepayments | 16b | **1,127,081** | 826,782 |
| Contract assets | 17 | **33,648,893** | 39,632,362 |
| Investments | 18 | **–** | 5,579,022 |
| Bank balances and cash | 19 | **17,747,818** | 15,753,748 |
| | | **59,574,097** | 64,646,167 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **22,181,193** | 26,405,017 |
| Contract liabilities | 17 | **11,323** | 300,528 |
| Lease liabilities | 21 | **108,345** | 175,042 |
| Income tax payable | | **370,779** | 1,319,311 |
| | | **22,671,640** | 28,199,898 |
| **Net current assets** | | **36,902,457** | 36,446,269 |
| **Total assets less current liabilities** | | **38,608,268** | 38,692,463 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 22 | **55,994** | 61,338 |
| Lease liabilities | 21 | **189,600** | 85,326 |
| | | **245,594** | 146,664 |
| **Net assets** | | **38,362,674** | 38,545,799 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Share capital | 23 | **1,742,143** | 1,742,143 |
| Share premium | | **31,669,457** | 31,669,457 |
| Merger reserve | | **(11,417,891)** | (11,417,891) |
| Accumulated profits | | **16,368,965** | 16,552,090 |
| **Equity attributable to owners of the Company** | | **38,362,674** | 38,545,799 |

### 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 are the provision of electrical engineering services.

The 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 CONSOLIDATED FINANCIAL STATEMENTS

In the previous financial year, 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 ("Reorganisation").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon the 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 year***

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 July 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

***New and revised IFRS Standards issued but not yet effective***

At the date of authorisation of these 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 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021*[1] |
| Amendments to IFRS 3 | *Reference to the Conceptual Framework*[2] |
| Amendments to IAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract*[2] |
| Amendments to IAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use*[2] |
| Amendments to IFRSs | *Annual Improvements to IFRS Standards 2018-2020*[2] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current*[3] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | *Disclosure of Accounting Policies*[3] |
| Amendments to IAS 8 | *Definition of Accounting Estimates*[3] |
| Amendments to IAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3] |

1 Effective for annual periods beginning on or after 1 April 2021.

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

3 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 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 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 financial year is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Contract revenue from provision of electrical engineering services, recognised over time | **26,303,945** | 37,898,045 |

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 2 months to 58 months (2020: 2 months to 58 months).

Included in the Group's revenue for the year ended 30 June 2021 is S$16,632,540 (2020: S$26,797,479) derived from provision of electrical engineering services to customers in the public sector. The other remaining 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.

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Provision of electrical engineering services: | | |
| – Within one year | **42,076,356** | 46,317,867 |
| – More than one year but not more than two years | **22,821,982** | 13,290,200 |
| – More than two years but not more than five years | **13,855,829** | 4,450,061 |
| | **78,754,167** | 64,058,128 |

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 30 June 2021 and 2020 will be recognised as revenue during the years ended/ending 30 June 2021 to 2025.

**Information about the major customers**

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

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Customer I | **10,391,191** | 4,293,050 |
| Customer II | **2,954,251** | 5,766,127 |
| Customer III | **N/A*** | 4,142,432 |

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

**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 year ended 30 June 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**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Bank interest income | **68,701** | 260,148 |
| Interest income from FVTPL investments | **20,290** | 50,884 |
| Government grants *(Note 1)* | **834,290** | 540,327 |
| Rental income | **27,355** | 33,345 |
| Insurance payout | **31,049** | – |
| Others | **8,716** | 1,031 |
| | **990,401** | 885,735 |

*Note 1:* Government grants in 2020 and 2021 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 tide through this period of economic uncertainty. Under the JSS, the government will co-fund between 25% to 75% of the first S$4,600 of gross monthly wages paid to each local employee in a ten-month period through cash subsidies.

While JSS and FWL rebates were recognised as grant income, FWL waivers obtained of approximately S$273,000 (2020: S$126,000) 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.

**b. OTHER GAINS AND LOSSES**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Gain on disposal of plant and equipment | **72,112** | – |
| Exchange (loss)/gains, net | **(625,507)** | 450,613 |
| Written off trade receivables | **–** | (30,802) |
| | **(553,395)** | 419,811 |

### c. ALLOWANCE FOR IMPAIRMENT LOSSES

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Allowance for impairment loss on trade receivables *(Note 15)* | **–** | (211,486) |
| Allowance for impairment loss on retention receivables *(Note 17)* | **–** | (205,000) |
| | **–** | (416,486) |

## 7 FINANCE COSTS

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Interest on lease liabilities | **3,553** | 5,665 |

## 8 INCOME TAX EXPENSE

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Tax expense comprises: | | |
| Current tax: | | |
| – Singapore corporate income tax ("CIT") | **196,064** | 851,550 |
| – Overprovision of tax in prior years | **–** | (40,868) |
| Deferred tax expense *(Note 22)* | **(5,344)** | 7,735 |
| | **190,720** | 818,417 |

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 Years of Assessment 2021 and 2022.

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

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Profit before taxation | **7,595** | 4,522,815 |
| Tax at applicable tax rate of 17% | **1,291** | 768,879 |
| Tax effect of expenses not deductible for tax purpose | **295,280** | 268,336 |
| Tax effect of income not taxable for tax purpose | **(88,426)** | (159,542) |
| Effect of tax concessions and partial tax exemptions | **(17,425)** | (17,425) |
| Overprovision of tax in prior years | **–** | (40,868) |
| Others | **–** | (963) |
| Taxation for the year | **190,720** | 818,417 |

## 9 (LOSS) PROFIT FOR THE YEAR

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

| | 2021 S$ | 2020 S$ |
|---|---|---|
| Depreciation of plant and equipment *(Note 12)* | **399,332** | 416,433 |
| Depreciation of right-of-use assets *(Note 14)* | **146,559** | 159,322 |
| Depreciation of investment property *(Note 13)* | **16,022** | 16,022 |
| Audit fees to auditors of the Company: | | |
| – Annual audit fees | **175,000** | 205,000 |
| Listing expenses | **–** | 423,905 |
| Directors' remuneration | **1,179,696** | 1,225,384 |
| Other staff costs: | | |
| – Salaries and other benefits | **2,973,696** | 3,904,934 |
| – Contributions to CPF | **169,342** | 175,081 |
| Total staff costs | **4,322,734** | 5,305,399 |
| Cost of materials recognised as cost of services | **7,269,818** | 9,189,104 |
| Subcontractor costs recognised as cost of services | **12,890,496** | 16,576,616 |
| Gross rental income from investment property recognised as other income *(Note 6a)* | **(27,355)** | (33,345) |
| Less: Direct operating expenses incurred for investment property that generated rental income | **1,919** | 1,028 |
| | **(25,436)** | (32,317) |

## 10 DIVIDENDS

No dividend has been declared by the Company or group entities during the year ended 30 June 2021.

## 11 (LOSS) EARNINGS PER SHARE

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

| | 2021 | 2020 |
|---|---|---|
| (Loss) profit for the year attributable to owners of the Company (S$) | **(183,125)** | 3,704,398 |
| Weighted average number of ordinary shares in issue | **1,000,000,000** | 997,267,760 |
| Basic and diluted (loss) earnings per share (S$ cents) | **(0.02)** | 0.37 |

The calculation of basic (loss) earnings per share for the years ended 30 June 2021 and 2020 is based on the (loss) profit for the year 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 (loss) earnings per share because the Group had no dilutive securities that are convertible into shares during the years ended 30 June 2021 and 2020.

## 12 PLANT AND EQUIPMENT

| | Plant and machinery *S$* | Computers *S$* | Office equipment *S$* | Motor vehicles *S$* | Furniture and fittings *S$* | Total *S$* |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| **At 1 July 2019** | 528,410 | 130,934 | 65,248 | 1,379,447 | 37,701 | 2,141,740 |
| Additions | 22,038 | 36,640 | – | 208,700 | 1,051 | 268,429 |
| **At 30 June 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** |
| **Accumulated depreciation:** | | | | | | |
| **At 1 July 2019** | 264,676 | 127,101 | 24,451 | 835,865 | 8,405 | 1,260,498 |
| Charge for the year | 109,173 | 20,615 | 13,632 | 265,262 | 7,751 | 416,433 |
| **At 30 June 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 |
| Disposals | – | (190) | – | (236,700) | – | (236,890) |
| **At 30 June 2021** | **469,619** | **184,347** | **48,795** | **1,113,475** | **23,137** | **1,839,373** |
| **Carrying amounts:** | | | | | | |
| At 30 June 2020 | 176,599 | 19,858 | 27,165 | 487,020 | 22,596 | 733,238 |
| **At 30 June 2021** | **80,829** | **26,671** | **16,453** | **430,921** | **15,615** | **570,489** |

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 years |
| Motor vehicles | 5 years |
| Furniture and fittings | 5 years |

## 13 INVESTMENT PROPERTY

| | 2021 | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| **Cost:** | | |
| At beginning and end of the year | **933,509** | 933,509 |
| **Accumulated depreciation:** | | |
| At beginning of the year | **77,597** | 61,575 |
| Charge for the year | **16,022** | 16,022 |
| At end of the year | **93,619** | 77,597 |
| **Carrying amount:** | | |
| At end of the year | **839,890** | 855,912 |

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 30 June 2021, the fair value of the investment property amounted to S$893,000 (2020: S$1,020,000). The fair value measurement of the Group's investment property as at 30 June 2021 was determined by management based on comparable market transactions of similar properties in the same vicinity.

The fair value measurement of the Group's investment property as at 31 January 2019 was carried out by Ascent Partners Valuation Service Limited, an independent valuer not related to the Group, and who has the appropriate qualifications and relevant experience. Management has assessed that the key inputs and assumptions used by the valuer for valuation dated 31 January 2019 remain applicable and reasonable as at 30 June 2020.

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 property and information about the fair value hierarchy as at the end of each year are as follows:

| | | **Fair value as at** | |
|---|---|---|---|
| **Address** | **Tenure** | **2021** | 2020 |
| | | ***S$*** | *S$* |
| **Level 3** | | | |
| No.3 Ang Mo Kio St. #04-34, Link@AMK, Singapore 569139 | 57 years | **893,000** | 1,020,000 |

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

| | Dormitories | Office | Office equipment | Total |
|---|---|---|---|---|
| | *S$* | *S$* | *S$* | *S$* |
| **Cost:** | | | | |
| At 1 July 2019 (Upon adoption of IFRS 16) | 88,141 | 232,804 | 11,213 | 332,158 |
| Additions | 178,416 | – | – | 178,416 |
| At 30 June 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** |
| **Accumulated Depreciation:** | | | | |
| At 1 July 2019 (Upon adoption of IFRS 16) | 42,308 | 51,734 | 2,616 | 96,658 |
| Charge for the year | 79,478 | 77,601 | 2,243 | 159,322 |
| At 30 June 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** |
| **Carrying amount** | | | | |
| At 30 June 2020 | 144,771 | 103,469 | 6,354 | 254,594 |
| At 30 June 2021 | **26,018** | **265,303** | **4,111** | **295,432** |

The Group leases several assets including staff dormitories, office and office equipment. The lease term is two to five years (2020: 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.

During the year, certain leases for staff dormitories expired and a staff dormitory unit was earlier terminated. The office contract expiring in October 2021 will be replaced by new lease for similar underlying asset. This resulted in additions to right-of-use assets of S$239,435 in 2021 (2020: S$178,416) and reduction to right-of-use assets of S$177,351 (2020: Nil).

The maturity analysis of lease liabilities is presented in Note 21.

**Amounts recognised in profit or loss**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Depreciation expense on right-of-use assets *(Note 9)* | **146,559** | 159,322 |
| Interest expense on lease liabilities *(Note 7)* | **3,553** | 5,665 |
| Expense relating to short-term leases | **6,480** | 72,160 |

At 30 June 2021, there were no short-term leases commitment by the Group (2020: S$4,800).

The total cash outflow for leases in 30 June 2021 amounts to approximately S$160,000 (30 June 2020: S$233,000).

## 15 TRADE RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Trade receivables | **7,050,305** | 3,088,064 |
| Less: Allowance for impairment losses | **–** | (233,811) |
| | **7,050,305** | 2,854,253 |

As at 1 July 2019, trade receivables from contracts with customers amounted to S$2,688,824 (net of allowance for impairment loss of S$22,325).

The Group grants credit term to customers typically 30 to 35 days from invoice date for trade receivables to all customers for the financial year ended 30 June 2021 (2020: 30 to 35 days). The following is an aged analysis of trade receivables, net of allowance for impairment losses, presented based on the invoice date which approximated the revenue recognition date at the end of each reporting year:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Within 30 days | **3,379,092** | 1,726,441 |
| 31 days to 60 days | **2,069,101** | 326,514 |
| 61 days to 90 days | **195,030** | 384,793 |
| 91 days to 120 days | **11,047** | 14,964 |
| More than 120 days | **1,396,035** | 401,541 |
| | **7,050,305** | 2,854,253 |

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 applies the simplified approach to provide impairment loss measured as expected credit losses 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 30 June 2021, the Group did not recognise impairment allowance based on individual assessment for all customers (2020: S$233,811).

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 year end:

**Analysis of trade receivables:**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Not past due and not impaired | **3,379,092** | 1,726,441 |
| Past due but not impaired | **3,671,213** | 1,127,812 |
| | **7,050,305** | 2,854,253 |
| Past due and impaired | **–** | 233,811 |
| Less: Allowance for impairment losses | **–** | (233,811) |
| | **7,050,305** | 2,854,253 |

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:**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Within 30 days | **2,069,101** | 326,514 |
| 31 days to 60 days | **195,030** | 384,793 |
| 61 days to 90 days | **11,047** | 14,964 |
| 91 days to 120 days | **7,432** | 6,212 |
| More than 120 days | **1,388,603** | 395,329 |
| | **3,671,213** | 1,127,812 |

Included in the Group's trade receivables are carrying amount of approximately S$3,671,213 which are past due at 30 June 2021 (2020: S$1,127,812), 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 30 June 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 to as at 30 June 2021.

**Movements in the allowance for impairment losses on trade receivables:**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Balance at beginning of year | **233,811** | 22,325 |
| Impairment losses recognised *(Note 6c)* | **–** | 211,486 |
| Impairment written off | **(233,811)** | – |
| Balance at end of year | **–** | 233,811 |

The movement for the financial years ended 30 June 2021 and 2020, i.e., in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

**16 a. DEPOSITS**

The amounts as at 30 June 2020 relate to cash deposits 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 2020.

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

**b. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Deposits *(Note)* | **507,756** | 535,349 |
| Prepayments | **559,116** | 28,353 |
| Grant receivables *(Note)* | **48,200** | 244,056 |
| Others *(Note)* | **12,009** | 19,024 |
| | **1,127,081** | 826,782 |

*Note:* The management considered the ECL for deposits, grant receivables, and others to be insignificant as at 30 June 2021 and 2020.

**17 CONTRACT ASSETS/LIABILITIES**

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

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Contract assets | **33,648,893** | 39,632,362 |
| Contract liabilities | **(11,323)** | (300,528) |
| | **33,637,570** | 39,331,834 |

As at 1 July 2019, contract assets and contract liabilities amounted to S$32,768,152 and S$Nil respectively.

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 the grossing up being S$16,094 as at 30 June 2021 (2020: S$56,875).

**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:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Retention receivables | **5,100,875** | 4,712,601 |
| Less: Allowance for impairment losses | **–** | (205,000) |
| Others *(Note)* | **28,564,113** | 35,181,636 |
| | **33,664,988** | 39,689,237 |

*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 30 June 2021 and 2020.

Movements in the allowance for impairment losses on retention receivables:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Balance at beginning of year | **205,000** | – |
| Impairment losses recognised *(Note 6c)* | **–** | 205,000 |
| Impairment written off | **(205,000)** | – |
| Balance at end of year | **–** | 205,000 |

**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 30 June 2021 mainly relate to advances received from customers.

The Group's contract liabilities are analysed as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Contract liabilities | **27,418** | 357,403 |

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

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | **357,403** | – |

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

## 18 INVESTMENTS

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| *Financial assets mandatorily measured at FVTPL* | | |
| Dual currency investments in S$ | **–** | 2,805,401 |
| Dual currency investments in US$ | **–** | 2,773,621 |
| | **–** | 5,579,022 |

The Group uses short-term dual currency investments as a tool to earn higher interest on its bank balances as compared to short-term time deposits. Dual currency investments are a type of structured investment that combines time deposits with an embedded currency option. On trade date, the Group agrees the base currency (in which principal invested is denominated), an alternate currency, a strike rate and tenor with the financial institution. Upon expiry, should the base currency depreciate against the alternate currency, principal and interest will be received in base currency. Otherwise, principal and interest will be converted to alternate currency at strike rate and received.

Dual currency investments were classified as FVTPL and any foreign currency component was included in fair value movement recognised in profit or loss. However, as the Group's dual currency investments were only for a tenor of one month and would mature shortly after year end, no mark-to-market gain/loss has been recognised during the year ended 30 June 2020. They carried fixed interest rate ranging from 2.38% to 2.70% per annum. During the year, the Group placed an additional investment of S$4.1 million (2020: S$29.3 million) and withdrew all its investment as at the end of the year (2020: S$23.8m).

## 19 BANK BALANCES AND CASH

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Cash at banks | **17,716,199** | 15,722,361 |
| Cash on hand | **31,619** | 31,387 |
| Cash and cash equivalents in the consolidated statement of cash flows | **17,747,818** | 15,753,748 |

As at 30 June 2021, other than time deposits of S$8,308,800 (2020: S$9,093,085) with tenure of three months and which carry fixed interest rate of 1.60% per annum, and bank balances of S$6,807,887 (2020: S$6,144,672) that carry effective interest rate ranging from 0.09 to 0.37% per annum (2020: 0.09% to 1.24% per annum), the remaining bank balances and cash are interest-free.

## 20 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Trade payables | **4,255,871** | 1,669,311 |
| Trade accruals | **14,439,419** | 21,665,536 |
| Retention payables *(Note)* | **2,827,320** | 2,247,912 |
| | **21,522,610** | 25,582,759 |
| **Other payables** | | |
| Payroll and CPF payables | **259,510** | 225,245 |
| Goods and Services Tax ("GST") payables | **111,580** | 233,432 |
| Rental deposit received | **5,800** | 8,550 |
| Deferred grant income | **97,446** | 145,806 |
| Accrued audit fees | **161,000** | 205,000 |
| Others | **23,247** | 4,225 |
| | **22,181,193** | 26,405,017 |

*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 balance 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:

| | **2021** | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Within 30 days | **1,375,772** | 980,251 |
| 31 to 60 days | **723,570** | 348,509 |
| 61 to 90 days | **125,492** | 11,547 |
| 91 to 120 days | **–** | 47,198 |
| Over 120 days | **2,031,037** | 281,806 |
| | **4,255,871** | 1,669,311 |

The credit period on purchases from suppliers and subcontractors is 30 to 90 days (2020: 30 to 90 days) or payable upon delivery.

## 21 LEASE LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| Lease liabilities payable: | | |
| Within one year | **108,345** | 175,042 |
| Within a period of more than one year but not more than two years | **81,161** | 83,359 |
| Within a period of more than two years but not more than five years | **108,439** | 1,967 |
| | **297,945** | 260,368 |
| Less: Amount due for settlement with 12 months (shown under current liabilities) | **(108,345)** | (175,042) |
| Amount due for settlement after 12 months (shown under non-current liabilities) | **189,600** | 85,326 |

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

The above represents leases for certain staff dormitories, office and office equipment of the Group. As at 30 June 2021, the weighted average incremental borrowing rate was 2.28% (2020: 2.29%) 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.

## 22 DEFERRED TAX LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| | ***S$*** | *S$* |
| As at 1 July | **61,338** | 53,603 |
| (Credited) recognised in profit or loss during the year: | | |
| – Accelerated tax depreciation *(Note 8)* | **(5,344)** | 7,735 |
| As at 30 June | **55,994** | 61,338 |

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.

## 23 SHARE CAPITAL

| | Number of ordinary shares | Par Value *HK$* | Share capital *HK$* |
|---|---|---|---|
| Authorised share capital of the Company: | | | |
| At 1 July 2019, 30 June 2020 and 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 1 July 2019 | 30,000 | 52 |
| Capitalisation issue *(Note a)* | 749,970,000 | 1,306,568 |
| Share offer *(Note b)* | 250,000,000 | 435,523 |
| **At 30 June 2020 and 30 June 2021** | 1,000,000,000 | 1,742,143 |

*Notes:*

a. Pursuant to the written resolution of the then sole shareholder of the Company dated 10 June 2019, it was resolved that the authorised share capital of the Company increased from HK$100,000 to HK$15,000,000 by the creation of an additional 1,490,000,000 shares; and conditional on the share premium account of the Company being credited as a result of the Share Offer, an amount of HK$7,499,700 (S$1,306,568) which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 749,970,000 shares for allotment, rank pari passu in all respects with all the then existing shares.

b. On 5 July 2019, the Company successfully listed on the Main Board of the Stock Exchange by way of placing 225,000,000 new shares and public offer of 25,000,000 shares at the price of HK$0.50 per share ("Share Offer"). The Company's share of net proceeds after deducting the underwriting commissions and expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$95.0 million (S$16.6 million).

## 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 our scope of services comprises of (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 alternations ("**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 ("**HDB**"), the public housing authority of the Singapore Government.

During the year ended 30 June 2021, our Group's revenue decreased by 30.6% to approximately S$26.3 million as compared to approximately S$37.9 million for the year ended 30 June 2020. Our Group's gross profit also decreased by 67.5% to approximately S$2.2 million, as compared to approximately S$6.9 million for the year ended 30 June 2020. The decrease was mainly due to the Circuit Breaker measures being imposed by the Singapore Government from 7 April 2020 to 1 June 2020 (both dates inclusive) (the "**Circuit Breaker Period**") to combat the local transmission of Coronavirus Disease 2019 ("**COVID-19**") in Singapore. A majority of the Group's construction projects was halted during the Circuit Breaker Period and resulted in a significant slowdown in the progress of the Group's electrical engineering works. Even after the Circuit Breaker Period, a substantial amount of time was spent to implement safe management measures at the project sites in accordance with Singapore Government regulatory requirements and a majority of our projects only fully recommenced from August/September 2020.

The resurgence of COVID-19 cases globally and more stringent border control measures abroad and in Singapore caused severe supply chain disruption and manpower shortages, causing a significant increase in material and labour costs during the year ended 30 June 2021. Consequently, our gross profit margin for the year ended 30 June 2021 has decreased significantly to approximately 8.5%, from approximately 18.1% for the year ended 30 June 2020. Our net profit also decreased by 104.9% from S$3.7 million for the year ended 30 June 2020 to loss of S$0.2 million for the year ended 30 June 2021.

In the short term, we expect the construction industry in Singapore to remain challenging given the uncertainty of the development of the outbreak of COVID-19 globally. However, given the continued support from the Singapore Government and the overall financial position of the Group, we believe the Group is well positioned to ride through this storm. Based on the projection from the Building and Construction Authority in Singapore, around S$23 billion to S$28 billion worth of construction contracts will be awarded in 2021. The Authority also expect a sustained recovery of construction demand over the next five years, with early forecasts that construction demand may further strengthen to S$25 billion to S$32 billion between 2022 and 2025.

As at 30 June 2021, we had 32 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$144.2 million, of which approximately S$45.7 million had been recognised as revenue in prior years, approximately S$19.8 million had been recognised as revenue during the year ended 30 June 2021 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining S$6.5 million recognised as revenue during the year ended 30 June 2021 is mainly attributed to projects which have been completed during the year.

## FINANCIAL REVIEW

| | **For the year ended 30 June** | | |
|---|---|---|---|
| | **2021** | 2020 | Change |
| | ***S$ million*** | *S$ million* | *%* |
| Revenue | **26.3** | 37.9 | (30.6) |
| Gross profit | **2.2** | 6.9 | (67.5) |
| Gross profit margin | **8.5%** | 18.1% | (9.6) |
| Net (loss)/profit | **(0.2)** | 3.7 | (104.9) |

### 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 year ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **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 | **60** | **16.6** | **63.2** | 38 | 26.8 | 70.7 |
| Private sector projects | **19** | **9.7** | **36.8** | 21 | 11.1 | 29.3 |
| Total | **79** | **26.3** | **100.0** | 59 | 37.9 | 100.0 |

The Group's overall revenue decreased by approximately S$11.6 million or approximately 30.6% from approximately S$37.9 million for the year ended 30 June 2020 to approximately S$26.3 million for the year ended 30 June 2021. The decrease is mainly due to the Circuit Breaker measures being imposed by the Singapore Government during the Circuit Breaker Period and a majority of the Group's construction projects was halted and resulted in a significant slowdown in the progress of the Group's electrical engineering works. Even after the Circuit Breaker Period, a substantial amount of time was spent to implement safe management measures at the project sites in accordance with Singapore Government regulatory requirements. A majority of our projects only fully recommenced from August/September 2020 but the resurgence of COVID-19 cases globally and more stringent border control measures abroad and in Singapore caused severe supply chain disruption and manpower shortages. The Singapore Government also introduced heightened alert measures in May 2021 to reduce the community spread of COVID-19.

The above series of events significantly delayed the progress of the Group's on-going projects and led to significant decrease in revenue recognised during the year ended 30 June 2021.

**Cost of Services**

The Group's cost of services decreased by approximately S$6.9 million or approximately 22.4% from approximately S$31.0 million for the year ended 30 June 2020 to approximately S$24.1 million for the year ended 30 June 2021. Such decrease in cost of services was generally in line with the decrease in revenue.

**Gross Profit and Gross Profit Margin**

| | **For the year ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **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 | **16.6** | **2.1** | **12.6** | 26.8 | 4.6 | 17.1 |
| Private sector projects | **9.7** | **0.1** | **1.5** | 11.1 | 2.3 | 20.7 |
| Total | **26.3** | **2.2** | **8.5** | 37.9 | 6.9 | 18.1 |

The gross profit of the Group for the year ended 30 June 2021 amounted to approximately S$2.2 million, representing a decrease of approximately 67.5% as compared with approximately S$6.9 million for the year ended 30 June 2020, which was consistent with the decrease in revenue for the same period. The Group's gross profit margin for the year ended 30 June 2021 was approximately 8.5%, which represent a decrease of 9.6% when compared with approximately 18.1% for the year ended 30 June 2020.

The reduction was mainly due to additional costs incurred due to the outbreak of COVID-19 such as cost overrun of on-going projects in anticipation of productivity loss and prolongation of project timeline. In addition, since March 2020, the Federal Government of Malaysia has implemented the Malaysia Movement Control Order as a preventive measure in response to the COVID-19. The Cordon Sanitaire involved prohibition of movement of people which adversely affected the Group's supply chain in construction materials between Malaysia and Singapore, causing a significant increase in material costs during the year ended 30 June 2021.

The resurgence of COVID-19 cases globally and more stringent border control measures abroad and in Singapore also caused severe supply chain disruption, driving up the material costs. The border control measures also resulted in further manpower shortages and hence resulting in a significant increase in manpower costs for the year ended 30 June 2021, hence reducing gross profit margin further.

**Other Income**

Other income mainly included income from (i) interest income from banks and FVTPL investment, (ii) government grants, (iii) rental income, (iv) insurance payout and (v) sundry income. During the year ended 30 June 2021, other income amounted to approximately S$1.0 million (2020: approximately S$0.9 million). The increase in other income was mainly due to the increase government support grants for COVID-19 recognised for the year ended 30 June 2021.

**Other Gains or Losses**

Other gains or losses mainly included (i) net exchange loss and (ii) gain on disposal of plant and equipment. During the year ended 30 June 2021, other losses amounted to approximately S$0.6 million (2020: approximately gain of S$0.4 million). The increase in other loss was mainly due to the weakening of US$ and HK$ currency against S$ in respect of the Group's bank balances during the year ended 30 June 2021.

**Administrative Expenses**

The administrative expenses of the Group for the year ended 30 June 2021 amounted to approximately S$2.7 million which represents a slight decrease compared with approximately S$2.8 million for the year ended 30 June 2020, mainly due to the decrease in staff bonus incurred for the year ended 30 June 2021 due to the slowdown of the Group's business.

**Finance Costs**

Finance costs for the year ended 30 June 2021 was approximately S$4,000 which was relatively constant with that of the year ended 30 June 2020 of approximately $6,000

**Income Tax Expense**

The Group's income tax expense decreased to approximately S$0.2 million for the year ended 30 June 2021 from approximately S$0.8 million for the year ended 30 June 2020. Such decrease was mainly due to the decrease in assessable profit.

**Net Profit/Loss**

Profit/Loss attributable to owners of the Company for the year ended 30 June 2021 was a loss of approximately $0.2 million when compared to profit of S$3.7 million for the year ended 30 June 2020, which is generally in line with the decrease of revenue and gross profit for the year ended 30 June 2021.

**Final Dividend**

The Board did not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: S$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 30 June 2021, the Group had total bank balances and cash of approximately S$17.7 million and no short-term investments, as compared with bank balances and cash of approximately S$15.7 million and short-term investments of S$5.8 million as at 30 June 2020. The Group did not have any bank borrowings as at 30 June 2021 and 30 June 2020.

**Pledge of Assets**

As at 30 June 2021, the Group had approximately S$0.3 million (as at 30 June 2020: S$0.3 million) of pledged bank deposit 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 year. 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 Hong Kong Dollars amounting to S$15.1 million which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate without entering into 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 30 June 2021 was nil (as at 30 June 2020: 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 year ended 30 June 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 30 June 2021.

### Employees and Remuneration Policy

As at 30 June 2021, the Group had a total of 120 employees (2020: 159 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in the year ended 30 June 2021 amounted to approximately S$4.3 million (2020: approximately S$5.3 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.

### Environmental Policies and Performance

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in the annual report.

### Contingent Liabilities

As at 30 June 2021, the Group had performance bonds of approximately S$1.9 million (2020: S$2.6 million) given by a bank and an insurance company 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 contract.

### Capital Expenditures and Capital Commitments

During the year ended 30 June 2021, the Group acquired items of property, plant and equipment of approximately S$0.2 million (2020: S$0.3 million).

As at 30 June 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 |
| (iv) 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 | +3.0 | 3.0 |
| (v) Financing the acquisition of additional machinery and equipment | 1.4 | 0.1 | 1.3 | (0.7) | 0.6 |
| (vi) 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 |
| (vii) Financing the acquisition of additional lorries | 0.3 | 0.1 | 0.2 | – | 0.2 |
| (viii) 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 30 June 2021 was approximately as follows:

| | | Re-allocated Net Proceeds *S$ million (approximately)* | Utilised from 13 May 2020 to 30 June 2021 *S$ million (approximately)* | Unutilised Re-allocated Net Proceeds up to 30 June 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 | 0.3 | 0.5 | 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 |
| (iv) | 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 |
| (v) | Financing the acquisition of additional machinery and equipment | 0.6 | 0.0 | 0.6 | On or before 30 June 2023 |
| (vi) | Purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading the Group's enterprise resource planning system | 0.4 | 0.1 | 0.3 | On or before 30 June 2023 |
| (vii) | Financing the acquisition of additional lorries | 0.2 | 0.1 | 0.1 | On or before 30 June 2023 |
| (viii) | Reserved as the Group's general working capital | 1.5 | 1.5 | – | N/A |
| Total | | 13.5 | 8.5 | 5.0 | |

As at 30 June 2021, the untilised 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 cautious approach embarked by the Singapore Government to resume usual daily activities after the implementation of Circuit Breaker measures, 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 Group which have occurred after the year ended 30 June 2021 and up to the date of this announcement.

## CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules during the year ended 30 June 2021.

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

During the year ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for the year ended 30 June 2021 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 or the auditor of the Company.

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

Hong Kong, 28 September 2021

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