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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Khoon Group Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 31 December 2022 together with comparative figures for the corresponding period in 2021 as follows:

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

For the six months ended 31 December 2022

	Notes	**Six months ended 31 December 2022 (Unaudited)** ***S$***	2021 (Unaudited) ***S$***
Revenue	*4*	**24,452,222**	10,520,931
Cost of services		**(22,427,472)**	(9,645,429)
Gross profit		**2,024,750**	875,502
Other income	*5a*	**200,611**	229,243
Other (losses) and gains	*5b*	**(188,160)**	61,429
Administrative expenses		**(1,340,232)**	(1,259,763)
Finance costs	*6*	**(2,744)**	(1,272)
Profit (Loss) before taxation		**694,225**	(94,861)
Income tax expense	*7*	**(201,007)**	(51,447)
Profit (Loss) and other comprehensive income (loss) for the period	*8*	**493,218**	(146,308)
Basic and diluted earnings (loss) per share (S$ cents)	*10*	**0.05**	(0.01)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**As at 31 December 2022 (Unaudited) *S$***	As at 30 June 2022 (Audited) *S$*
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	*11*	**247,418**	312,320
Investment property	*12*	**815,857**	823,868
Right-of-use assets	*13*	**200,114**	265,623
Deposit	*15*	**102,968**	102,968
		1,366,357	1,504,779
Current assets			
Trade receivables	*14*	**7,083,648**	5,301,383
Other receivables, deposits and prepayments	*15*	**735,125**	1,483,116
Contract assets	*16*	**31,703,508**	29,446,514
Bank balances and cash	*17*	**10,579,212**	12,935,125
		50,101,493	49,166,138
Current liabilities			
Trade and other payables	*18*	**12,576,148**	12,324,900
Contract liabilities	*16*	**–**	52,444
Lease liabilities	*19*	**130,321**	130,030
Income tax payable		**425,021**	246,020
		13,131,490	12,753,394
Net current assets		**36,970,003**	36,412,744
Total assets less current liabilities		**38,336,360**	37,917,523
Non-current liabilities			
Deferred tax liabilities	*20*	**25,982**	35,229
Lease liabilities	*19*	**72,329**	137,463
		98,311	172,692
Net assets		**38,238,049**	37,744,831
EQUITY			
Capital and reserves			
Share capital	*21*	**1,742,143**	1,742,143
Share premium		**31,669,457**	31,669,457
Merger reserve		**(11,417,891)**	(11,417,891)
Accumulated profits		**16,244,340**	15,751,122
Equity attributable to owners of the Company		**38,238,049**	37,744,831

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1 GENERAL

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

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

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

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

The interim condensed consolidated financial statements are approved by the Board of Directors of the Company on 27 February 2023.

2 ADOPTION OF NEW AND REVISED STANDARDS

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

New and revised IFRS Standards issued but not yet effective

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

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

[1] 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.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

4 REVENUE AND SEGMENT INFORMATION

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

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

An analysis of the Group's revenue for the six months ended 31 December 2022 and 2021 is as follows:

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Contract revenue from provision of electrical engineering services, recognised over time	**24,452,222**	10,520,931

All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price basis with project duration ranging from 1 month to 52 months (2021: 1 month to 52 months).

Included in the Group's revenue for six months ended 31 December 2022 is S$21,364,418 (2021: S$7,297,027) derived from provision of electrical engineering services to the customers in 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.

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Provision of electrical engineering services:		
– Within one year	**53,354,714**	48,399,779
– More than one year but not more than two years	**31,213,892**	31,463,220
– More than two years but not more than five years	**13,088,210**	19,177,721
	97,656,816	99,040,720

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the unsatisfied (or partially satisfied) contracts as at 31 December 2022 and 2021 has been/will be recognised as revenue during the years ended/ending 30 June 2022 to 2026.

Information about the major customers

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

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Customer I	**5,762,518**	1,938,732
Customer II	**4,499,163**	2,167,226
Customer III	**2,632,521**	N/A*
Customer IV	**N/A***	1,105,977

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

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. Revenue derived from Singapore represents 100% of the total revenue for the period ended 31 December 2022 (2021: 100%) based on the location of services delivered. The Group's non-current assets are all located in Singapore.

5 a. OTHER INCOME

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Bank interest income	**72,219**	13,533
Government grants *(Note 1)*	**75,027**	198,310
Rental income	**17,400**	17,400
Training income	**35,965**	–
	200,611	229,243

Note 1: Government grants mainly include COVID-19-related support by the Singapore government, such as the Foreign Worker Levy 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.

All government grants are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group and are non-recurring in nature.

5 b. OTHER (LOSSES) AND GAINS

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Exchange (loss)/gain	**(188,160)**	61,429
	(188,160)	61,429

6 FINANCE COSTS

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Interest on:		
Lease liabilities	**2,744**	1,272

7 INCOME TAX EXPENSE

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax ("CIT")	**210,254**	66,160
Deferred tax expense (Note 20)	**(9,247)**	(14,713)
	201,007	51,447

CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income for both the Year of Assessment 2023 and 2024. No income tax arising from BVI and Hong Kong has been recognised as those subsidiaries incorporated in BVI and Hong Kong had no assessable profits for both years.

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

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Profit (Loss) before taxation	**694,225**	(94,861)
Tax at applicable tax rate of 17%	**118,018**	(16,126)
Tax effect of expenses not deductible for tax purpose	**91,702**	81,446
Tax effect of income not taxable for tax purpose	**–**	(5,160)
Effect of tax concessions and partial tax exemptions	**(8,713)**	(8,713)
Taxation for the reporting period	**201,007**	51,447

8 PROFIT (LOSS) FOR THE PERIOD

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

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Depreciation of plant and equipment	**82,850**	185,495
Depreciation of investment property	**8,011**	8,011
Depreciation of right-of-use assets	**65,509**	62,592
Directors' remuneration	**488,556**	489,390
Other staff costs:		
– Salaries and other benefits	**2,020,878**	1,407,735
– Contributions to Central Provident Fund ("CPF")	**102,985**	88,833
Total staff costs	**2,612,419**	1,985,958
Cost of materials recognised as cost of services	**9,756,712**	4,379,620
Subcontractor costs recognised as cost of services	**9,214,015**	3,073,028
Gross rental income from investment property recognised as other income *(Note 5a)*	**(17,400)**	(17,400)
Less: Direct operating expenses incurred for investment property that generated rental income	**1,243**	1,243
	(16,157)	(16,157)

9 DIVIDENDS

No dividend has been declared by the Company or any Group entities during the six months ended 31 December 2021 and 2022 or subsequent to the month end.

10 EARNINGS (LOSS) PER SHARE

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

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
Profit (Loss) for the period attributable to owners of the Company (S$)	**493,218**	(146,308)
Weighted average number of ordinary shares in issue	**1,000,000,000**	1,000,000,000
Basic and diluted earnings (loss) per share (S$ cents)	**0.05**	(0.01)

The calculation of basic earnings (loss) per share for the six months ended 31 December 2022 and 2021 is based on the profit (loss) for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings (loss) per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the six months ended 31 December 2022 and 2021.

11 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 2021	550,448	211,018	65,248	1,544,396	38,752	2,409,862
Additions	7,300	37,849	–	–	–	45,149
At 30 June 2022	557,748	248,867	65,248	1,544,396	38,752	2,455,011
Additions	–	17,948	–	–	–	17,948
At 31 December 2022	**557,748**	**266,815**	**65,248**	**1,544,396**	**38,752**	**2,472,959**
Accumulated depreciation:						
At 1 July 2021	469,619	184,347	48,795	1,113,475	23,137	1,839,373
Charge for the year	60,568	44,129	8,794	183,195	6,632	303,318
At 30 June 2022	530,187	228,476	57,589	1,296,670	29,769	2,142,691
Charge for the period	7,561	21,351	3,357	47,265	3,316	82,850
At 31 December 2022	**537,748**	**249,827**	**60,946**	**1,343,935**	**33,085**	**2,225,541**
Carrying amounts:						
At 30 June 2022 (audited)	27,561	20,391	7,659	247,726	8,983	312,320
At 31 December 2022 (unaudited)	**20,000**	**16,988**	**4,302**	**200,461**	**5,667**	**247,418**

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

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

12 INVESTMENT PROPERTY

	As at 31 December 2022 (Unaudited) S$	As at 30 June 2022 (Audited) S$
Cost:		
At beginning and end of the reporting period	**933,509**	933,509
Accumulated depreciation:		
At beginning of the reporting period	**109,641**	93,619
Charge for the reporting period	**8,011**	16,022
At end of the reporting period	**117,652**	109,641
Carrying amount:		
At end of the reporting period	**815,857**	823,868

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

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

As at 31 December 2022, the fair values of the investment property amounted to S$893,000 (As at 30 June 2022: S$893,000). The fair value measurement of the Group's investment property as at 31 December 2022 and 30 June 2022 was determined by management 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 fair values were based on comparable market transactions of similar properties in the same vicinity that have been transferred in the open market with the significant unobservable input being the price per square meter where any significant isolated increase (decrease) in this input would result in a significantly higher (lower) fair value measurement.

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

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

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

Address	Tenure	Fair value as at 31 December 2022 S$	Fair value as at 30 June 2022 S$
Level 3			
No.3 Ang Mo Kio St. #04-34, Link@AMK, Singapore 569139	57 years	**893,000**	893,000

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

	Dormitories	Office	Office equipment	Total
	S$	*S$*	*S$*	*S$*
Cost:				
At July 2021	89,206	472,239	11,213	572,658
Additions	97,929	–	–	97,929
At 30 June 2022	187,135	472,239	11,213	670,587
Additions	–	–	–	–
At 31 December 2022	**187,135**	**472,239**	**11,213**	**670,587**
Accumulated depreciation:				
At July 2021	63,188	206,936	7,102	277,226
Charge for the year	46,421	79,075	2,242	127,738
At 30 June 2022	109,609	286,011	9,344	404,964
Charge for the period	24,482	39,906	1,121	65,509
At 31 December 2022	**134,091**	**325,917**	**10,465**	**470,473**
Carrying amount:				
At 30 June 2022 (audited)	77,526	186,228	1,869	265,623
At 31 December 2022 (unaudited)	**53,044**	**146,322**	**748**	**200,114**

The Group leases several assets including staff dormitories, office and office equipment. The lease term is as follow:

Dormitories	2 years
Office	3 years
Office equipment	5 years

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

The maturity analysis of lease liabilities is presented in Note 19.

Amounts recognised in profit or loss

	For the six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	S$	*S$*
Depreciation expense on right-of-use assets *(Note 8)*	**65,509**	62,592
Interest expense on lease liabilities *(Note 6)*	**2,744**	1,272
Expense relating to short-term leases	**11,726**	8,490

As at 31 December 2022, the Group is committed to S$17,982 (2021: S$16,094) for short-term leases.

The total cash outflow for leases during the six months ended 31 December 2022 amount to S$79,312 (31 December 2021: S$74,168).

14 TRADE RECEIVABLES

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Trade receivables	**7,137,017**	5,354,752
Less: Allowance for impairment losses	**(53,369)**	(53,369)
	7,083,648	5,301,383

As of 1 July 2021, trade receivables from contracts with customers amounted to S$7,050,305 (net of allowance for impairment loss of S$Nil).

The Group grants credit term to customers typically 30 to 35 days from invoice date for trade receivables to all customers, for the six months ended 31 December 2022 (30 June 2022: 30 to 35 days). The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date which approximated the revenue recognition date at the end of each reporting period:

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Within 30 days	**4,987,073**	4,210,719
31 days to 60 days	**1,272,255**	609,970
61 days to 90 days	**253,006**	124,686
91 days to 120 days	**113,161**	226,052
More than 120 days	**458,153**	129,956
	7,083,648	5,301,383

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

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

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

The ECL of trade receivables are measured using a provision matrix 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. There has been no changes in the estimation techniques or significant assumption made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimate of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables – days past due						
	Not past due	**≤ 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**>120 days**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 December 2022 (Unaudited)							
Estimated total gross carrying amount at default	**5,009,735**	**1,276,580**	**254,074**	**120,236**	**3,589**	**472,803**	**7,137,017**
Lifetime ECL	**(22,662)**	**(4,325)**	**(1,068)**	**(7,075)**	**(984)**	**(17,255)**	**(53,369)**
							7,083,648
As at 30 June 2022 (Audited)							
Estimated total gross carrying amount at default	4,233,381	614,295	125,754	233,127	8,453	139,742	5,354,752
Lifetime ECL	(22,662)	(4,325)	(1,068)	(7,075)	(984)	(17,255)	(53,369)
							5,301,383

As at 31 December 2022, the Group did not recognise additional impairment allowance as ECL changes were determined to be insignificant.

The table below shows the movement in lifetime ECL – credit impaired that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	As at 31 December 2022 (Unaudited)	As at 30 June 2022 (Audited)
	S$	*S$*
Balance at beginning of the reporting period	**53,369**	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**–**	53,369
Allowance for impairment written off	**–**	–
Balance at end of the reporting period	**53,369**	53,369

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2022 (Unaudited)	As at 30 June 2022 (Audited)
	S$	*S$*
Current		
Deposits *(Note)*	**76,493**	55,110
Prepayments	**638,320**	1,391,794
Grant receivables *(Note)*	**–**	17,000
Others *(Note)*	**20,312**	19,212
	735,125	1,483,116
Non Current		
Deposit *(Note)*	**102,968**	102,968
	838,093	1,586,084

Note: The management considered the ECL for deposits, grant receivables, and others to be insignificant as at 31 December 2022 and 30 June 2022.

16 CONTRACT ASSETS/LIABILITIES

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

	As at 31 December 2022 (Unaudited)	As at 30 June 2022 (Audited)
	S$	*S$*
Contract assets	**31,825,907**	29,568,913
Less: Allowance for impairment loss	**(122,399)**	(122,399)
	31,703,508	29,446,514
Contract liabilities	**–**	(52,444)
	31,703,508	29,394,070

As at 1 July 2021, contract assets and contract liabilities amounted to S$33,648,893 and S$11,323 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 grossing up being S$282,591 as at 31 December 2022 (30 June 2022: S$162,176).

Contract assets

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

The Group's contract assets are analysed as follows:

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Retention receivables	**5,502,698**	5,182,864
Others *(Note)*	**26,728,199**	24,548,225
Less: Allowance for impairment loss	**(122,399)**	(122,399)
	32,108,498	29,608,690

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.

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.

The following table details the risk profile of amount due from customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimate of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Estimated total gross carrying amount at default – amount not past due	**31,825,907**	29,568,913
Lifetime ECL	**(122,399)**	(122,399)
	31,703,508	29,446,514

The table below shows the movement in lifetime ECL – credit impaired that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9:

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Balance at beginning of the reporting period	**122,399**	–
Net increase in loss allowance arising from new amounts recognised in current year, net of those derecognised upon billing	**–**	122,399
Allowance for impairment written off	**–**	–
Balance at end of the reporting period	**122,399**	122,399

Contract liabilities

The contract liabilities represents the Group's obligation to transfer services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progressive billing arrangement stated in the contracts. Contract liabilities as at 31 December 2022 and 30 June 2022 mainly relate to advances received from customers.

The Group's contract liabilities are analysed as follows:

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Contract liabilities	**282,591**	214,620

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

	As at 31 December 2022 (Unaudited) ***S$***	As at 30 June 2022 (Audited) *S$*
Revenue recognised that was included in the contract liabilities balance at the beginning of the reporting period	**214,620**	27,418

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

17 BANK BALANCES AND CASH

	As at 31 December 2022 (Unaudited) ***S$***	As at 30 June 2022 (Audited) *S$*
Cash at banks	**10,545,165**	12,901,671
Cash on hand	**34,047**	33,454
Cash and cash equivalents in the consolidated statement of cash flows	**10,579,212**	12,935,125

As at 31 December 2022, other than time deposits of S$6,969,040 (30 June 2022: S$7,104,295) with tenure of one month to three months which carry fixed interest rate of 3.2% per annum, and bank balances of S$2,812,469 (30 June 2022: $5,327,922) that carry effective interest rate ranging from 0.02% to 0.32% per annum (30 June 2022: 0.02% to 0.35% per annum), the remaining bank balances and cash are interest-free.

18 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	As at 31 December 2022 (Unaudited)	As at 30 June 2022 (Audited)
	S$	*S$*
Trade payables	**5,414,908**	2,435,219
Trade accruals	**3,432,534**	6,530,127
Retention payables *(Note)*	**3,057,581**	2,732,481
	11,905,023	11,697,827
Other payables		
Payroll and CPF payables	**394,913**	302,249
Goods and Services Tax ("GST") payables	**122,702**	133,048
Rental deposit received	**5,800**	5,800
Accrued audit fees	**119,000**	161,000
Others	**28,710**	24,976
	12,576,148	12,324,900

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

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

	As at 31 December 2022 (Unaudited)	As at 30 June 2022 (Audited)
	S$	*S$*
Within 30 days	**3,240,056**	1,399,199
31 to 60 days	**1,436,439**	657,350
61 to 90 days	**624,617**	206,711
91 to 120 days	**23,184**	27,951
Over 120 days	**90,612**	144,008
	5,414,908	2,435,219

The credit period on purchases from suppliers and subcontractors is 30 to 90 days (30 June 2022: 30 to 90 days) or payable upon delivery.

19 LEASE LIABILITIES

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
Lease liabilities payable:		
Within one year	**130,321**	130,030
Within a period of more than one year but not more than two years	**72,329**	110,044
Within a period of more than two years but not more than five years	**–**	27,419
	202,650	267,493
Less: Amount due for settlement with 12 months (shown under current liabilities)	**(130,321)**	(130,030)
Amount due for settlement after 12 months (shown under non-current liabilities)	**72,329**	137,463

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

The above represents leases for certain staff dormitories, office and office equipment of the Group. As at 31 December 2022, the weighted average incremental borrowing rate was 2.28% (30 June 2022: 2.28%) per annum.

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

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

20 DEFERRED TAX LIABILITIES

	As at 31 December 2022 (Unaudited) *S$*	As at 30 June 2022 (Audited) *S$*
As at 1 July 2022/1 July 2021	**35,229**	55,994
Recognised in profit or loss during the period:		
– Accelerated tax depreciation	**(9,247)**	(20,765)
As at 31 December 2022/30 June 2022	**25,982**	35,229

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.

21 SHARE CAPITAL

	Number of ordinary shares	Par Value *HK$*	Share capital *HK$*
Authorised share capital of the Company:			
At 1 July 2021, 30 June 2022 and 31 December 2022	1,500,000,000	0.01	15,000,000

	Number of ordinary shares	Share capital *S$*
Issued and fully paid of the Company:		
At 30 June 2022 and 31 December 2022	1,000,000,000	1,742,143

22 OPERATING LEASE COMMITMENTS

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

Maturity analysis of operating lease payments:

	As at 31 December 2022 (Unaudited) ***S$***	As at 30 June 2022 (Audited) *S$*
Within one year	**935**	17,400
After one year but within five years	**–**	–
	935	17,400

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

	For the six months ended 31 December	
	2022 (Unaudited) ***S$***	2021 (Unaudited) *S$*
Lease income on operating leases *(Note 5a)*	**17,400**	17,400

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

During the six months ended 31 December 2022, our Group's revenue increased by 132.4% to approximately S$24.5 million as compared to approximately S$10.5 million for the six months ended 31 December 2021. Our Group's gross profit also increased by 131.3% to approximately $2.0 million, as compared to approximately S$0.9 million for the six months ended 31 December 2021. Our group's net profit after tax was approximately S$0.5 million, as compared to approximately net loss of S$0.1 million for the six months ended 31 December 2021.

The above increase is mainly due to the recovery of construction industry in Singapore given the improvement in COVID-19 situation in Singapore. Since July 2022, the entry requirement for Construction, Marine Shipyard and Process sectors work permit holders have been further eased and there have been an influx of migrant workers into Singapore. Consequently, the influx of migrant workers into Singapore have moderated the labour costs and sped up the progress of the Group's on-going projects and led to an increase in revenue and net profit recognised over the six months ended 31 December 2022.

Based on the recent Building and Construction Authority ("**BCA**") projection, the construction demand in Singapore is estimated to be between S$27 billion and S$32 billion in year 2023, with the public sector projects contributing about 60% of the total demand, between S$16 billion and S$19 billion. Over the medium-term, BCA projected the total construction demand to reach between S$25 billion and S$32 billion per year from 2024 to 2027, with the public sector expected to lead the demand, contributing S$14 billion to S$18 billion per year from 2024 to 2027. Given our Group's expertise in the public sector projects, the Board believes our Group is well positioned to take advantage of the rising construction demand over the coming years.

As at 31 December 2022, we had 38 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S$217.0 million, of which approximately S$95.8 million had been recognised as revenue in prior periods, approximately S$23.6 million had been recognised as revenue during the reporting period ended 31 December 2022 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. The remaining S$0.9 million recognised as revenue during the six months ended 31 December 2022 is mainly attributed to projects which have been completed during the reporting period.

FINANCIAL REVIEW

	For the six months ended 31 December		
	2022	2021	Change
	S$ million	*S$ million*	*%*
Revenue	**24.5**	10.5	132.4
Gross profit	**2.0**	0.9	131.3
Gross profit margin	**8.3%**	8.3%	–
Net profit/(loss)	**0.5**	(0.1)	437.1

Revenue

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

	For the six months ended 31 December					
	2022			2021		
	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	**50**	**21.4**	**87.4**	41	7.3	69.4
Private sector projects	**20**	**3.1**	**12.6**	7	3.2	30.6
Total	**70**	**24.5**	**100**	48	10.5	100

The Group's overall revenue increased by approximately S$14.0 million or approximately 132.4% from approximately S$10.5 million for the six months ended 31 December 2021 to approximately S$24.5 million for the six months ended 31 December 2022. The increase is mainly due to the recovery of construction industry in Singapore given the improvement in COVID-19 situation and influx of migrant workers into Singapore. Consequently, the influx of migrant workers into Singapore have moderated the labour costs and sped up the progress of the Group's on-going projects and led to an increase in revenue recognised over the six months ended 31 December 2022.

Cost of Services

The Group's cost of services increased by approximately S$12.8 million or approximately 132.5% from approximately S$9.6 million for the six months ended 31 December 2021 to approximately S$22.4 million for the six months ended 31 December 2022. Such increase in cost of services was generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

	For the six months ended 31 December					
	2022			2021		
	Revenue *S$ million*	**Gross profit** *S$ million*	**Gross profit margin** *%*	Revenue *S$ million*	Gross profit *S$ million*	Gross profit margin *%*
Public sector projects	**21.4**	**1.8**	**8.6**	7.3	0.6	7.8
Private sector projects	**3.1**	**0.2**	**6.2**	3.2	0.3	9.6
Total	**24.5**	**2.0**	**8.3**	10.5	0.9	8.3

The gross profit of the Group for the six months ended 31 December 2022 amounted to approximately S$2.0 million, representing an increase of approximately 131.3% as compared with approximately S$0.9 million for the six months ended 31 December 2021, which was driven by an increase in revenue for the same period. The Group's gross profit margin for the six months ended 31 December 2022 and six months ended 31 December 2021 remained the same, at approximately 8.3%.

Other Income

Other income mainly included income from (i) interest income from banks, (ii) government grants, (iii) rental income and (iv) training income. During the six months ended 31 December 2022 and six months ended 31 December 2021, other income remained the same, at approximately S$0.2 million.

Other (Losses) or Gains

Other (losses) or gains mainly relates to net exchange gain or loss. During the six months ended 31 December 2022, other losses amounted to approximately S$0.2 million (six months ended 31 December 2021: gains of approximately S$60,000). The increase in other losses was mainly due to the weakening of US$ and HK$ currency against S$ in respect of the Group's bank balances during the six months ended 31 December 2022.

Administrative Expenses

The administrative expenses of the Group for the six months ended 31 December 2022 and six months ended 31 December 2021 remained the same, at approximately S$1.3 million.

Finance Costs

Finance costs for the six months ended 31 December 2022 was approximately S$3,000 which was relatively constant with that of the six months ended 31 December 2021 of approximately S$1,000.

Income Tax Expense

The Group's income tax expense increased to approximately S$0.2 million for the six months ended 31 December 2022 from approximately S$50,000 for the six months ended 31 December 2021. Such increase was mainly due to the increase in assessable profit.

Net Profit/Loss

Net Profit/Loss attributable to owners of the Company for the six months ended 31 December 2022 increased by approximately S$0.6 million from a net loss of approximately S$0.1 million for the six months ended 31 December 2021 to a net profit of approximately S$0.5 million for the six months ended 31 December 2022, which is generally in line with the increase of revenue and gross profit for the six months ended 31 December 2022.

Trade Receivables

As at 31 December 2022, the Group had trade receivables of approximately S$7.1 million, as compared with trade receivables of approximately S$5.3 million as at 30 June 2022.

An amount of approximately S$5.3 million (i.e. 75.1%) of the trade receivables as at 31 December 2022 has been settled up to the date of this announcement (i.e. average monthly settlement of approximately 37.56%), as compared with an amount of approximately S$4.2 million (i.e. 79.8%) being settled up to 29 September 2022 (i.e. average monthly settlement of approximately 26.6%) for the trade receivables as at 30 June 2022.

Contract assets (exclude retention receivables)

As at 31 December 2022, the Group had contract assets (excluding retention receivables) of approximately S$26.6 million, as compared with contract assets (excluding retention receivables) of approximately S$24.4 million as at 30 June 2022.

An amount of approximately S$6.6 million (i.e. 24.9%) of contract assets (excluding retention receivables) as at 31 December 2022 has been settled up to the date of this announcement (i.e. average monthly settlement of approximately 12.5%), as compared with an amount of S$7.5 million (i.e. 30.1%) being settled up to 29 September 2022 (i.e. average monthly settlement of approximately 10.0%) for the contract assets (excluding retention receivables) as at 30 June 2022.

As part of the normal business and common industry practice, the certification and billing process for work in progress may take some time (between 6 months to 1 year) as additional time is required to perform additional procedures for verifying the functionality of certain electrical engineering works performed by the Group. Consultants may also require longer period to certify the site preparation works carried out by the Group and to approve the materials procured from suppliers during the preliminary state of the projects.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: S$Nil).

Liquidity, Financial Resources and Capital Structure

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

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

As at 31 December 2022, the Group had total cash and bank balances of approximately S$10.6 million, as compared with bank balances and cash of approximately S$12.9 million as at 30 June 2022. The Group did not have any bank borrowings as at 31 December 2022 and 30 June 2022.

Pledge of Assets

As at 31 December 2022, the Group had approximately S$0.1 million (as at 30 June 2022: S$0.1 million) of pledged bank deposits as part of the collateral for performance guarantees in favour of the Group's customers.

Treasury Policy

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

Foreign Exchange Risk

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in Singapore dollars and the Group's assets and liabilities are primarily denominated in Singapore dollars. However, the Group has certain bank balances denominated in US$ and HK$ amounting to S$8.0 million as at 31 December 2022 which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movements of the foreign currency rate without entering any hedging arrangements.

Gearing Ratio

Gearing ratio is calculated by dividing all borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2022 was nil (as at 30 June 2022: nil).

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

There were no significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures by the Group during the six months ended 31 December 2022.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Company's prospectus dated 20 June 2019 ("**Prospectus**"), the Group did not have other future plans for material investments or capital assets as at 31 December 2022.

Employees and Remuneration Policy

As at 31 December 2022, the Group had a total of 200 employees (31 December 2021: 124 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes during the six months ended 31 December 2022 amounted to approximately S$2.6 million (31 December 2021: S$2.0 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.

Contingent Liabilities

As at 31 December 2022, the Group had performance bonds of approximately S$0.6 million (30 June 2022: S$0.6 million) given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of our Group's obligation under the contracts entered into between our Group and the customers. The performance guarantees will be released upon completion of the contracts.

Capital Expenditures and Capital Commitments

During the six months ended 31 December 2022, the Group acquired items of plant and equipment of approximately S$18,000 (30 June 2022: approximately S$50,000).

As at 31 December 2022, 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 "**Net Proceeds**"). The Group has utilised the Net Proceeds 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 announcements of the Group titled "Changes in Use of Proceeds" and "Further Change in Use of Proceeds" dated 13 May 2020 and 19 September 2022 respectively, the Board resolved to change the use of the unutilised Net Proceeds. Set out below is the revised allocation of the unutilised Net Proceeds (the "**Re-allocated Net Proceeds**"):

		Planned use of Net Proceeds as disclosed in the Prospectus *S$ million* (approximately)	Revised allocation of the Net Proceeds as disclosed in the Announcement dated 13 May 2020 *S$ million* (approximately)	Further revised allocation of the Net Proceeds as disclosed in the Announcement dated 19 September 2022 *S$ million* (approximately)	Utilised Net Proceeds up to 31 December 2022 *S$ million* (approximately)	Unutilised Re-allocated Net Proceeds up to 31 December 2022 *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	7.1	3.5	–	–	–	N/A
(ii)	Strengthening the Group's manpower by recruiting additional staff	2.5	1.0	1.0	1.0	–	N/A
(iii)	Expanding the Group's premises for its various operational needs	1.8	–	–	–	–	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)***	1.7	5.2	5.2	5.2	–	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	6.5	3.7	2.8	On or before 30 June 2023
(v)	Financing the acquisition of additional machinery and equipment	1.4	0.7	0.7	0.2	0.5	On or before 30 June 2023

	Planned use of Net Proceeds as disclosed in the Prospectus *S$ million* (approximately)	Revised allocation of the Net Proceeds as disclosed in the Announcement dated 13 May 2020 *S$ million* (approximately)	Further revised allocation of the Net Proceeds as disclosed in the Announcement dated 19 September 2022 *S$ million* (approximately)	Utilised Net Proceeds up to 31 December 2022 *S$ million* (approximately)	Unutilised Re-allocated Net Proceeds up to 31 December 2022 *S$ million* (approximately)	Expected date to fully utilise the Unutilised Re-allocated Net Proceeds
(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	0.5	0.5	0.3	0.2	On or before 30 June 2023
(vii) Financing the acquisition of additional lorries	0.3	0.3	0.3	0.2	0.1	On or before 30 June 2023
(viii) Reserved as the Group's general working capital	0.9	2.4	2.4	2.4	–	N/A
Total	16.6	16.6	16.6	13.0	3.6	

As at 31 December 2022, the untilised amount of the Net Proceeds was placed in licensed banks in Hong Kong and Singapore. The Board expects that the Net Proceeds will be utilised in the same manner as disclosed in the Prospectus and the Company's announcements dated 13 May 2020 and 19 September 2022. 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.

EVENT AFTER THE REPORTING PERIOD

References are made to the joint announcements of the Company (the "**Joint Announcements**") dated 19 December 2022, 27 January 2023, 3 February 2023 and 24 February 2023 in relation to, among others, the mandatory unconditional cash offer by Southern Heritage Limited (the "**Offeror**") to acquire all the issued shares of the Company (other than those already owned by or to be acquired by the Offeror and parties acting in concert with it). Unless the context requires, capitalised terms used in this paragraph headed "Event after the Reporting Period" shall have the same meanings as those defined in the Joint Announcements.

On 12 December 2022, Lead Development Investment Limited (as Vendor), Mr. JK Ang and Mr. KK Ang (as Guarantors), and Southern Heritage Limited (as Offeror) entered into the Share Purchase Agreement in relation to the sale and purchase of 550,000,000 Shares (representing 55.0% of the total issued share capital of the Company) at the Consideration of HK$152,500,000 (being approximately HK$0.277 per Sale Share). The Completion took place on 27 January 2023. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror made a mandatory unconditional cash offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer was closed on 24 February 2023 and no any valid acceptance in respect of the Offer Shares under the Offer was received.

Save as disclosed above, the Group did not have any significant events after 31 December 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 31 December 2022, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange.

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

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The interim results of the Group for the six months ended 31 December 2022 have not been audited or reviewed by the independent auditors of the Company. The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 31 December 2022 and discussed with the management of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

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

Hong Kong, 27 February 2023

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).