



KHOON GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 924

2019 Annual Report

CONTENTS

2	Corporate Information	40	Independent Auditor's Report
3	Chairman's Statement	45	Consolidated Statement of Profit or Loss and Other Comprehensive Income
4	Management Discussion and Analysis	46	Consolidated Statement of Financial Position
10	Biography of Directors and Senior Management	47	Consolidated Statement of Changes in Equity
14	Corporate Governance Report	48	Consolidated Statement of Cash Flows
22	Report of The Directors	49	Notes to the Consolidated Financial Statements
33	Environmental, Social and Governance Report	104	Summary of Financial Information

In the event of any inconsistencies between the English and Chinese text in this annual report, the English text shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ang Jui Khoon (*Chairman*)
Mr. Ang Kok Kwang (Hong Guoguang)
(*Chief Executive Officer*)
Mr. Ang Yong Kwang (Hong Yongquan)

Independent Non-Executive Directors

Ms. Tan Pei Fung
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)

AUDIT COMMITTEE

Ms. Tan Pei Fung (*Chairlady*)
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)

REMUNERATION COMMITTEE

Mr. Yeo Kwang Maccann (*Chairman*)
Ms. Tan Pei Fung
Mr. Ang Kok Kwang (Hong Guoguang)

NOMINATION COMMITTEE

Mr. Ang Jui Khoon (*Chairman*)
Mr. Ang Yong Kwang (Hong Yongquan)
Ms. Tan Pei Fung
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Mr. Ang Kok Kwang (Hong Guoguang)
Ms. Leung Hoi Yan

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

Block 5000
Ang Mo Kio Avenue 5
#04-01 Techplace II
Singapore 569870

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point, Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Guantao & Chow Solicitors and Notaries
Suites 1801-03
18/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

PRINCIPAL BANKERS

RHB Bank Berhad (Bukit Timah Branch)
United Overseas Bank Limited

AUDITOR

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One
Lippo Centre
89 Queensway, Hong Kong

COMPANY'S WEBSITE

www.khoongroup.com

STOCK CODE

924

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Khoon Group Limited (the "Company", together with its subsidiaries, the "Group", "we" or "us"), I am delighted to present our first annual report of the Group for the year ended 30 June 2019 following our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

LISTING ON THE STOCK EXCHANGE

The ordinary shares of the Company (the "Shares") were successfully listed (the "Listing") on the Main Board of the Stock Exchange on 5 July 2019 (the "Listing Date") which marked a significant milestone for our Group. 250 million Shares were issued under the share offer, raising net proceeds of approximately HK\$95 million (after deducting listing expenses). The additional capital raised and a broader capital base as a result of the Listing allow us to further expand our business. It also provided our Group an opportunity to strengthen our corporate governance and further promote our Group as a well-organised establishment to the public.

Our Group has an operating history of over 30 years in Singapore as a mechanical and electrical ("M&E") service provider specialised in providing electrical engineering solutions. Throughout the last 3 decades, we experienced several highs and lows which severely tested our character and determination in finishing all projects being awarded to us. While every project has its own set of challenges, our Group's principle has always been the same, which is to fulfil our promises and complete all projects awarded to our Group, with no exception.

This basic principle is easier said than done. However, with the perseverance and determination of our management team and dedicated staff, we managed to overcome all storms and hardships to reach where we are today.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their dedication, contributions and hard work throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

To end off, I hope to reiterate and continue to instill this basic principle in our Group and associates, which is as simple as it says – to do our work well every single day.

Ang Jui Khoon

Chairman and Executive Director

Singapore, 27 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a M&E engineering contractor in Singapore specialised in providing electrical engineering solutions and its scope of services comprises (i) customisation and/or installation of electrical systems; (ii) assisting to obtain statutory approvals; and (iii) testing and commissioning. The Group has been established for over 30 years and its 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. The Group's 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, the Group had 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 2019, the Group's revenue increased by 44.2% to approximately S\$48.6 million as compared to approximately S\$33.7 million for the year ended 30 June 2018. The Group's gross profit and net profit also increased by 47.7% and 5.7% to approximately S\$9.6 million and S\$3.7 million respectively, as compared to approximately S\$6.5 million and S\$3.5 million for the year ended 30 June 2018 respectively. The increase is mainly due to the additional public residential projects undertaken by the Group during the year ended 30 June 2019.

The overall construction sector in Singapore is expected to momentarily propel growth before slowing down in 2020. The construction sector's growth may weaken in 2020 and 2021 due to recent hints of elevated risks of a global recession.

That said, the Group has continued to outperform despite the strong headwind and coupled with the continued support from various government projects such as its new public housing construction and upgrading works for HDB flats. The Group is confident that it will continue to stay relevant and remain competitive in the local electrical engineering market.

As at 30 June 2019, we had 43 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately S\$111.5 million, of which approximately S\$48.6 million had been recognised as revenue during the year ended 30 June 2019. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

FINANCIAL REVIEW

	For the year ended 30 June		
	2019 S\$ million	2018 S\$ million	Change %
Revenue	48.6	33.7	44.2
Gross profit	9.6	6.5	47.7
Gross profit margin	19.8%	19.3%	0.5%
Net profit	3.7	3.5	5.7%

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					
	2019			2018		
	Number of projects with revenue contribution	Revenue S\$ million	% of total revenue	Number of projects with revenue contribution	Revenue S\$ million	% of total revenue
Public sector projects	41	42.1	86.6	38	30.7	91.1
Private sector projects	13	6.5	13.4	15	3.0	8.9
Total	54	48.6	100.0	53	33.7	100.0

The Group's overall revenue increased by approximately S\$14.9 million or approximately 44.2% from approximately S\$33.7 million for the year ended 30 June 2018 to approximately S\$48.6 million for the year ended 30 June 2019. The increase is mainly due to revenue contributed from public residential projects which has increased significantly by approximately S\$11.4 million or 37.2%.

Further, we also recorded an increase in revenue from private sector projects due to more works performed for 2 private sector projects, which contributed revenue of approximately S\$4.0 million for the year ended 30 June 2019 (approximately S\$0.3 million for the year ended 30 June 2018).

Cost of Services

The Group's cost of services increased by approximately S\$11.9 million or approximately 43.5% from approximately S\$27.2 million for the year ended 30 June 2018 to approximately S\$39.1 million for the year ended 30 June 2019. Such increase in cost of services was generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

	For the year ended 30 June					
	2019			2018		
	Revenue S\$ million	Gross profit S\$ million	Gross profit margin %	Revenue S\$ million	Gross profit S\$ million	Gross profit margin %
Public sector projects	42.1	8.3	19.7	30.7	5.6	18.2
Private sector projects	6.5	1.3	20.0	3.0	0.9	30.0
Total	48.6	9.6	19.8	33.7	6.5	19.3

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit of the Group for the year ended 30 June 2019 amounted to approximately S\$9.6 million, representing an increase of approximately 47.3% as compared with approximately S\$6.5 million for the year ended 30 June 2018, which was driven by an increase in revenue for the same period. The Group's gross profit margin for the year ended 30 June 2019 was approximately 19.8%, which was relatively stable when compared with approximately 19.3% for the year ended 30 June 2018.

Other Income

Other income mainly included income from (i) interest income from banks, (ii) government grants, (iii) rental income, (iv) sponsorship income and (v) sundry income. During the year ended 30 June 2019, other income amounted to approximately S\$0.2 million (2018: approximately S\$0.3 million). The decrease in other income was mainly due to lesser bank interest income and government grant received for the year ended 30 June 2019, which was slightly offset by increase in new sponsorship income.

Other Gains or Losses

Other gains or losses mainly included (i) net exchange gain or loss, (ii) gain or loss on disposal of property, plant and equipment, (iii) reversal of allowance for bad and doubtful debts and (iv) reversal of provision for liquidated damages. During the year ended 30 June 2019, other gains or losses amounted to approximately S\$0.3 million (2018: approximately S\$0.2 million). The increase in other gains was mainly due to a reversal of provision for liquidated damages during the year ended 30 June 2019.

Administrative Expenses

The administrative expenses of the Group for the year ended 30 June 2019 amounted to approximately S\$2.4 million, representing an increase of approximately 44.9% compared with approximately S\$1.7 million for the year ended 30 June 2018, mainly due to the increase in our headcount and salary increments, increase in auditors' remuneration and increase in rental expenses for office premises.

Finance Costs

Finance costs for the year ended 30 June 2019 was nil as compared to the year ended 30 June 2018 of approximately S\$39,000.

Income Tax Expense

The Group's income tax expense increased to approximately S\$1.4 million for the year ended 30 June 2019 from approximately S\$0.8 million for the year ended 30 June 2018. Such increase was mainly driven by the increase in assessable profit, excluding the tax effect of the non-deductible listing expenses of approximately S\$2.6 million incurred during the year ended 30 June 2019.

Net Profit

Profit attributable to owners of the Company for the year ended 30 June 2019 increased by approximately S\$0.2 million from approximately S\$3.5 million for the year ended 30 June 2018 to S\$3.7 million for the year ended 30 June 2019. Excluding the listing expenses of approximately S\$0.9 million and S\$2.6 million for the year ended 30 June 2018 and 30 June 2019 respectively, the profits for the year ended 30 June 2018 and 30 June 2019 of the Group would have been approximately S\$4.4 million and S\$6.3 million respectively and the increase of profit would have been approximately 40.9% year-on-year.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: S\$3.0 million).

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 financial institutions.

As at 30 June 2019, the Group had total cash and bank balances of approximately S\$6.0 million, which is the same as the year ended 30 June 2018. The Group does not have any bank borrowings or obligations under finance lease as at 30 June 2019 and 30 June 2018.

Pledge of Assets

The Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 30 June 2018 and 30 June 2019.

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 HK\$ amounting to S\$4.0 million as at 30 June 2019 which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movements of the foreign currency rate.

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 2019 was nil (as at 30 June 2018: nil).

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

Apart from the reorganisation in relation to the Listing (as set out under the section headed “History, Development and Reorganisation” of the prospectus of the Company dated 20 June 2019 (the “Prospectus”)), there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 30 June 2019. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 June 2019.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 30 June 2019.

Employees and Remuneration Policy

As at 30 June 2019, the Group had a total of 191 employees (2018: 181 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 2019 amounted to approximately S\$6.0 million (2018: approximately S\$4.7 million). In order to attract and retain high quality staff and to enable smooth operations 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, salary increments 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 this annual report.

Contingent Liabilities

As at 30 June 2019, the Group had performance bonds of approximately S\$0.9 million (2018: S\$0.6 million) given 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 year ended 30 June 2019, the Group acquired items of property, plant and equipment of approximately S\$0.1 million (2018: S\$0.1 million).

As at 30 June 2019, 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 (after deducting listing expenses). In line with the future plans and the proceeds as set out in the Prospectus, the Group plans to allocate the net proceeds for the purposes as outlined below.

Purposes	S\$ million	Approximate Percentage of the Total Net Proceeds
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	40.6	42.7%
Strengthening our manpower by recruiting additional staff	14.5	15.3%
Expanding our premises for our various operational needs	10.4	10.9%
Financing our upfront costs and working capital requirements at the early stage of carrying out our electrical engineering projects	9.5	10.0%
Financing the acquisition of additional machinery and equipment	8.0	8.4%
Purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading our enterprise resource planning system	5.1	5.4%
Financing the acquisition of additional lorries	1.6	1.7%
Reserved as our general working capital	5.3	5.6%

As the Shares were listed on 5 July 2019, the Company did not have any listing proceeds to deploy as at 30 June 2019.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ang Jui Khoon (“Mr. JK Ang”), aged 68, is the executive Director and one of the controlling shareholders of the Company. He was re-designated as the executive Director and appointed as the chairman of the Board on 31 August 2018. Mr. JK Ang is a co-founder of the Group, and also a director of KHOON ENGINEERING CONTRACTOR PTE. LTD. (“Khoon Engineering”) as well as a director of TOP STRIDE INVESTMENT LIMITED, a Company’s subsidiary, and a director of LEAD DEVELOPMENT INVESTMENT LIMITED, a controlling shareholder of the Company. Mr. JK Ang is responsible for the overall strategic planning, business development and corporate management of the Group. His appointment as the chairman of nomination committee of the Company takes effect on 5 July 2019. Mr. JK Ang is the father of Mr. KK Ang and Mr. YK Ang.

Mr. JK Ang has over 47 years of relevant experience in the electrical engineering industry. From June 1972 to March 1973, Mr. JK Ang was employed by Great Electrical Enterprise (Pte) Limited as an electrician. He then worked for Reliance Electric (Pte) Limited as an electrician from April 1973 to November 1975. In April 1975, Mr. JK Ang founded Khoon Engineering Contractor as a sole proprietorship and commenced the business of providing electrical engineering contracting services in Singapore. Subsequently, Mr. JK Ang founded Khoon Engineering as a majority shareholder in May 1988.

Mr. JK Ang holds an Electrician’s Licence which was granted by the Energy Market Authority of Singapore for lifetime in July 2016. Mr. JK Ang has been the representative of Khoon Engineering as a corporate member of Singapore Electrical Contractors and Licensed Electrical Workers Association since March 2014. Mr. JK Ang was awarded Grade Three of National Trade Certificate in Electrical Fitting & Installation (Industrial) by Industrial Training Board Singapore in May 1975.

In recognition of his contributions to the community, Mr. JK Ang was awarded the Public Service Medal (Pingat Bakti Masyarakat – PBM) by the President of Singapore in 2019.

Mr. Ang Kok Kwang (Hong Guoguang) (“Mr. KK Ang”), aged 44, is the executive Director, the chief executive officer and one of the controlling shareholders of the Company. He is responsible for the day-to-day operations and overall project management, formulating corporate and business strategies and making major operation decisions of the Group. His appointment as a member of remuneration committee of the Company takes effect on 5 July 2019. Mr. KK Ang is the son of Mr. JK Ang and the elder brother of Mr. YK Ang.

Mr. KK Ang has over 20 years of relevant experience in the electrical engineering industry. Since January 1999, he has been a director of Khoon Engineering. He is also a director of LEAD DEVELOPMENT INVESTMENT LIMITED, a controlling shareholder of the Company as well as a director of TOP STRIDE INVESTMENT LIMITED, a Company’s subsidiary.

Mr. KK Ang obtained a Diploma in Electrical Engineering from Singapore Polytechnic in May 1994 and a Bachelor of Engineering with Honours from the University of Melbourne in Australia in December 1998. Mr. KK Ang currently holds a Wiring Installer Licence issued by the Info-communications Development Authority of Singapore in April 2008. Mr. KK Ang has also been registered in the Building and Construction Authority of Singapore (“BCA”) as a trade foreman of electrical works, the latest registration of which was granted by the BCA in June 2019 and will be expired in August 2021.

Mr. Ang Yong Kwang (Hong Yongquan) (“Mr. YK Ang”), aged 34, is the executive Director and the general manager of the Company. He is responsible for the day-to-day operations, overall project management and administrative matters of the Group. His appointment as a member of nomination committee of the Company takes effect on 5 July 2019. Mr. YK Ang is the son of Mr. JK Ang and the younger brother of Mr. KK Ang.

Mr. YK Ang has over 9 years of experience in the electrical engineering industry. Mr. YK Ang began his career when he joined Khoon Engineering as a project manager in August 2010. He was promoted to general manager of Khoon Engineering in July 2016.

Mr. YK Ang obtained a Diploma in Information Technology from Ngee Ann Polytechnic in Singapore in August 2004. He further obtained a Bachelor of Information Technology (major in network administration and design, major in computer security) from the Edith Cowan University in Australia in August 2009. Mr. YK Ang has also been registered in the BCA as a supervisor of mechanical and electrical works, the latest registration of which was granted by the BCA in August 2018 and will be expired in August 2020.

Independent Non-executive Directors

Ms. Tan Pei Fung (“Ms. Tan”), aged 36, was appointed as the independent non-executive Director on 10 June 2019. Her appointment as the chairlady of audit committee of the Company and a member of remuneration committee and nomination committee of the Company takes effect on 5 July 2019. She is primarily responsible for providing independent judgment to the Board.

Ms. Tan has over 17 years of experience in the accounting and finance industry. In February 2002, Ms. Tan joined Likok Paper Trading Pte Ltd as a finance and administration manager. She was promoted to her current position as group finance director in June 2008. Ms. Tan was admitted to full membership of CPA Australia in August 2011.

Ms. Tan obtained a Bachelor of Commerce from University of Tasmania in Australia in December 2005. Part of the curriculum of the said degree was taught in Singapore, while the remaining part was taught in Australia.

Mr. Yeo Kwang Maccann (“Mr. Yeo”), aged 34, was appointed as the independent non-executive Director on 10 June 2019. His appointment as the chairman of remuneration committee of the Company and a member of audit committee and nomination committee of the Company takes effect on 5 July 2019. He is primarily responsible for providing independent judgment to the Board.

Mr. Yeo has over 9 years of experience in the financial industry and business management. Mr. Yeo began his career when he was employed by the Monetary Authority of Singapore in August 2009 as an associate of its capital markets intermediaries department. He left the Monetary Authority of Singapore in April 2011. Mr. Yeo was employed by Credit Suisse Group AG (Singapore) as a senior analyst from May 2011 to June 2012. After that, Mr. Yeo joined TriOptima Asia Pacific Pte. Ltd. from June 2012 to July 2017 as a client manager. In August 2017, Mr. Yeo joined Roman Deco Pte Ltd as a managing director.

Mr. Yeo obtained a Bachelor of Accountancy and a Bachelor of Business Management from Singapore Management University in June 2009.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Hon Chin Kheong (Han Zhenqiang) (“Mr. Hon”), aged 45, was appointed as the independent non-executive Director on 10 June 2019. His appointment as a member of the audit committee and nomination committee of the Company takes effect on 5 July 2019. He is primarily responsible for providing independent judgment to the Board.

Mr. Hon has over 19 years of experience in the architectural profession. From March 2000 to April 2001, Mr. Hon was employed by Otis Koglin Wilson Architects in Chicago, USA, as a junior architect. After that, he joined P&T Consultants Pte Ltd in Singapore from 2001 to 2013, where his last position was senior associate. In September 2013, Mr. Hon joined Swan & Maclaren Architects Pte Ltd as a director.

Mr. Hon was granted Diploma in Mechanical Engineering from Singapore Polytechnic in May 1994, and was granted Bachelor of Architecture from Illinois Institute of Technology in the United States in May 2001. Mr. Hon was admitted as a member of the Singapore Board of Architects in July 2005.

SENIOR MANAGEMENT

Mr. Lim Shi Ann (Lin Shi’an) (“Mr. Lim”), aged 35, is the financial controller of the Company and is responsible for overall accounting and financial matters of the Group.

Mr. Lim has over 8 years of experience in the accounting industry. Mr. Lim was employed by Ernst & Young Solutions LLP from March 2011 to December 2017 where his last position was manager. In April 2018, Mr. Lim joined Khoon Engineering as its financial controller.

Mr. Lim obtained a Diploma in Banking & Financial Services from Singapore Polytechnic in May 2004. Mr. Lim was certified as an affiliate of the Association of Chartered Certified Accountants in December 2009, and was qualified as a chartered accountant of Singapore in April 2015.

Mr. Ong Qijie (Wang Qijie) (“Mr. Ong”), aged 37, is the project director of the Company and is responsible for the procurement and performance of electrical engineering projects of the Group.

Mr. Ong has over 7 years of experience in the electrical engineering industry. Mr. Ong joined Khoon Engineering in August 2012 and was promoted to senior project manager in July 2016. Mr. Ong was appointed as the project director of Khoon Engineering in April 2018.

Mr. Ong obtained a Diploma in Electronics, Computer & Communication Engineering from Singapore Polytechnic in May 2002. He further obtained a Bachelor of Engineering from Singapore University of Social Sciences (previously known as SIM University) in September 2010.

Mr. Li Junming, Calvin (“Mr. Li”), aged 36, is the assistant general manager of the Company and is responsible for overseeing and coordinating the activities of various departments of the Group, assisting the general manager and other executive Directors in developing strategies to improve the service quality and productivity, and assisting in the human resources functions.

Mr. Li has over 7 years of experience in the financial industry and business management. Mr. Li began his career in July 2011 when he was employed by GFI Group as a FOREX/derivative broker. He left GFI Group in April 2013. From May 2013 to June 2014, he was employed by DBS Bank Ltd. where his last position was senior relationship manager. Mr. Li was employed by Advanced Recycling Pte Ltd as a project manager from July 2014 to February 2016. Mr. Li joined Khoon Engineering in February 2016 as the project manager. In April 2018, Mr. Li was promoted to assistant general manager of Khoon Engineering.

Mr. Li obtained a Diploma in Electronics, Computer & Communication Engineering from Singapore Polytechnic in May 2004. He further obtained a Bachelor of Business (Economics and Finance) from Royal Melbourne Institute of Technology in Australia in August 2011.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the “CG Code”) in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance practices.

Throughout the period from the Listing Date to the date of this report, the Company had complied with the code provisions set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors’ securities transactions throughout the period from the Listing Date to the date of this report.

BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for the overall strategic planning, business development and corporate management of the Group; the day-to-day operations and overall project management, formulating corporate and business strategies, making major operation decisions and administrative matters of the Group; and providing independent judgements on the Group’s compliance, internal control and corporate governance. The Board sets the overall policies, strategy and directions for the Group with a view to developing its business and enhancing the shareholders value. The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management for overall accounting and financial matters of the Group; procurement and performance of the electrical engineering projects of the Group; overseeing and coordinating the activities of various departments of the Group; assisting the general manager and other executive Directors in developing strategies to improve the service quality and productivity; and assisting in the human resources functions. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management. During the year, the Board reviewed the effectiveness of the risk management and internal controls systems of the Group.

BOARD COMPOSITION

The Board should regularly review the contribution required from the Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board currently comprises three executive Directors, namely Mr. Ang Jui Khoon (chairman), Mr. Ang Kok Kwang (Hong Guoguang) (chief executive officer) and Mr. Ang Yong Kwang (Hong Yongquan) and three independent non-executive Directors (the “INED”), namely Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang).

Mr. Ang Jui Khoon is the father of Mr. Ang Kok Kwang (Hong Guoguang) and Mr. Ang Yong Kwang (Hong Yongquan). Mr. Ang Kok Kwang (Hong Guoguang) is the elder brother of Mr. Ang Yong Kwang (Hong Yongquan).

No regular board meetings and general meetings were held during the year ended 30 June 2019 as the Company was listed after the reporting period.

A board meeting was held on 27 September 2019 to consider and approve the final results of the Company for the year ended 30 June 2019 and to convene the annual general meeting of the Company. The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

DIRECTOR'S TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year ended 30 June 2019, trainings have been attended by all Directors, Mr. Ang Jui Khoon, Mr. Ang Kok Kwang (Hong Guoguang), Mr. Ang Yong Kwang (Hong Yongquan), Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang), covering a wide range of topics including connected transactions, directors' obligations and publicity restriction.

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

APPOINTMENT AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letters of appointment of Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang) is for a period of three years till July 2022. The non-executive Directors are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the amended and restated articles of association of the Company ("Articles of Association").

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the audit committee, remuneration committee and nomination committee of the Company are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

All members of the audit committee of the Company and the majority of the members of the remuneration committee and the nomination committee of the Company are INEDs.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee comprises three INEDs, namely Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang). The audit committee is chaired by Ms. Tan Pei Fung.

The primary duties of the audit committee are to review the risk management and internal control systems, the Group's financial and accounting policies and practices and the financial statements and reports of the Company; approve the terms of engagement of the auditor; and discuss the scope of audit work with the auditor. The audit committee is also responsible for developing and reviewing the Company's policies and practices on corporate governance; reviewing the Company's compliance with the CG code and disclosure in the corporate governance report; and reviewing and monitoring the training and continuous professional development of directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements; and etc.

No audit committee meeting was held during the year ended 30 June 2019 as the Company was listed after the reporting period.

An audit committee meeting of the Company was held on 27 September 2019 to review the annual results of the Company for the year ended 30 June 2019, the compliance with the CG Code and the disclosure in the corporate governance report.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee comprises one executive Director, namely Mr. Ang Kok Kwang (Hong Guoguang), and two INEDs, namely Mr. Yeo Kwang Maccann and Ms. Tan Pei Fung. The remuneration committee is chaired by Mr. Yeo Kwang Maccann.

The primary duties of the remuneration committee are to make recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy; the Company's policy and structure for all Directors' and senior management's remuneration and the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance, other companies in the industry in which the Group operates and current market practice. The remuneration committee adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

No remuneration committee meeting was held during the year ended 30 June 2019 as the Company was listed after the reporting period.

A remuneration committee meeting of the Company was held on 27 September 2019 to review and approve the relevant disclosure statements in this annual report in relation to the remuneration committee of the Company.

Details of emoluments of the Directors for the year are disclosed in note 11 to the consolidated financial statements and the retirement benefit schemes are disclosed in note 25 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the CG Code of the Listing Rules. The nomination committee comprises two executive Directors, namely Mr. Ang Jui Khoon and Mr. Ang Yong Kwang (Hong Yongquan), and three INEDs, namely Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang). The nomination committee is chaired by Mr. Ang Jui Khoon.

The primary duties of the nomination committee are reviewing the structure, size and composition of the Board; considering inter alia the skills, knowledge, professional experience, qualifications, gender, age, cultural and educational background, independence and diversity of perspectives of the Board as a whole; identifying qualified individuals to become members of the Board; assessing the independence of independent non-executive Directors; developing and reviewing the policy for the nomination of Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

Nomination committee of the Company assists the Board in making recommendations to the Board on the appointment and re-appointment of Directors, and succession planning for Directors. When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the nomination committee shall consider a variety of factors including reputation for integrity; accomplishment, experience and reputation in the relevant industry and other relevant sectors; commitment in respect of sufficient time, interest and attention to the Company's business; diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge; the ability to assist and support management and make significant contributions to the Company's success; compliance with the criteria of independence as prescribed under rule 3.13 of the Listing Rules for the appointment of an INED.

The secretary of the nomination committee shall invite nominations of candidates from Board members (if any), for consideration by the nomination committee. The nomination committee may also nominate candidates for its consideration. In the context of appointment of any proposed candidate to the Board, the nomination committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval. In the context of re-appointment of any existing member(s) of the Board, the nomination committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

Each of the executive Directors entered into a service contract for his appointment with the Company for an initial term of three years commencing from July 2019. Each of the INEDs has entered into a letter of appointment for his/her appointment with the Company for an initial term of three years commencing from July 2019 and thereafter shall continue year to year. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Article 108(a)-(b) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who

wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under the Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

No nomination committee meeting was held during the year ended 30 June 2019 as the Company was listed after the reporting period.

A nomination committee meeting of the Company was held on 27 September 2019 to review and approve the relevant disclosure statements in this annual report in relation to the nomination committee of the Company.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the “Policy”) which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board and the quality of the Company’s performance.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, experience, skills and knowledge. The ultimate decision on selection of candidates will be based on merit and contribution that the selected candidates will bring to the Board. The nomination committee of the Company will review the Policy from time to time, as appropriate, to ensure the effectiveness of the Policy and monitor the implementation of the Policy. The Company will also take into consideration its own specific needs from time to time in determining the optimum composition of the Board.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Group on a going concern basis and which are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group’s ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

During the year ended 30 June 2019, Deloitte & Touche LLP was engaged as the Group's independent auditor. Apart from the provision of annual audit services, Deloitte & Touche LLP and its foreign member firm provided the audit and non-audit services in connection with the listing of the Shares on the Stock Exchange. The statement of the auditor of the Company about their reporting responsibilities on the Group's consolidated financial statements for the year ended 30 June 2019 is set out in the section "Independent Auditor's Report" of this annual report. During the year, remuneration paid and payable to the Group's independent auditor and its foreign member firm in respect of the year ended 30 June 2019 are approximately S\$175,000 for annual audit fee, and S\$335,000 and S\$290,000 for audit and non-audit fees in connection with the listing of the Company respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is aiming to develop a good risk management and internal control system for managing operational and financial risks. The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The Board is responsible for reviewing the effectiveness and adequacy of the Group's risk management and internal control systems.

The Company has established a risk management policy for the Group setting out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying, assessing and managing risks within its divisions, as well as identifying and assessing the principal risks on a quarterly basis with mitigation plans to manage those risks. The management is responsible for overseeing the risk management and internal control activities of the Group, and for convening quarterly meetings with each division to ensure principal risks are properly managed and new or changing risks are identified and documented. The main features of the risk management and internal control systems together with the risk management policies, risk register and an implementation framework, are to allow the audit committee of the Company and the Board to have a better overview of the Group's major business risks and how the Group's management had sought to monitor and mitigate them. The risk management framework, coupled with the Group's internal controls, ensures that the risks associated with different divisions are effectively controlled in line with the Group's risk appetite. The risk assessment report will be submitted to the audit committee of the Company and the Board for reviewing the effectiveness of the risk management and internal control systems and resolving any material internal control defects on an annual basis. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information include conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all polices regarding inside information.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems and considered the Group's risk management and internal control systems to be effective and adequate.

The Group does not have an internal audit function within the Group. The Company engaged an external consultant, CT Partners Consultants Limited, to carry out internal audit function and had during the year conducted review of the effectiveness of the Group's risk management and internal control systems. The internal control review report was submitted to the audit committee of the Company and the Board for review. The audit committee of the Company has requested the management to follow up the recommendations of the external consultant to remedy the control issues identified or to further improve the internal control system.

COMPANY SECRETARY

The Company engages Ms. Leung Hoi Yan, who has been working with BPO Global Services Limited, as its company secretary. Its primary corporate contact person at the Company is Mr. Lim Shi Ann, the financial controller of the Company. For the year ended 30 June 2019, Ms. Leung Hoi Yan has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders of the Company (the "Shareholder(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

The Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, specifying the Shareholders' contact details and the resolution intended to be put forward at general meeting.

For including a resolution to propose a person for election as a Director at general meeting, the Shareholders are requested to follow the Articles of Association. A notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgment of the notices required under the Article of Association will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders and the investment community may also make enquiries to the Board by writing to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

INVESTOR RELATIONS

The objective of the Shareholders' communication is to ensure that the Shareholders, both individual and institutional, and the investment community at large, are provided with ready, equal and timely access to transparent, accurate, balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company.

Information shall be communicated to the Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened as well as by making available all the disclosures submitted to the Stock Exchange and all its corporate communications and other corporate publications on the Company website and the Stock Exchange website. All press releases, newsletters and etc. issued by the Group will be made available on the Company website (www.khoongroup.com) which provides an effective communication platform to the public and the Shareholders.

The amended and restated memorandum and articles of association of the Company was adopted on 10 June 2019 (the "Adoption Date"). There had been no significant change in the Company's constitutional documents since the Adoption Date.

REPORT OF THE DIRECTORS

The Directors are pleased to present their first report together with the consolidated financial statements of the Group for year ended 30 June 2019 (“Financial Statements”).

The Company was incorporated in the Cayman Islands with limited liability on 24 July 2018. The Company completed the corporate reorganisation (the “Reorganisation”) on 12 March 2019 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the Prospectus. The Shares were listed on the Stock Exchange on 5 July 2019 by way of share offer.

PRINCIPAL PLACE OF BUSINESS

The headquarters and principal place of business of the Company is located at Block 5000, Ang Mo Kio Avenue 5, #04-01 Techplace II, Singapore 569870.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiary, Khoon Engineering, are provision of electrical engineering services. The principal activities of the subsidiaries of the Group are set out in note 27 to the Financial Statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 30 June 2019.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 30 June 2019 are set out in the Financial Statements in this annual report. A review of the business of the Group for the year ended 30 June 2019, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group’s business, particulars of important events affecting the Group, an indication of likely future developments in the Group’s business, and discussion on the Company’s environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis”, “Corporate Governance Report”, “Environmental, Social and Governance Report” and Financial Statements of this annual report. The review forms part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 30 June 2019, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 June 2019 are set out in note 14 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 30 June 2019 are set out in note 27 to the Financial Statements.

KEY RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 June 2019 are set out in the "Consolidated Statement of Changes in Equity" on page 47 of this annual report. As at 30 June 2019, the Group has reserves amounting to approximately S\$12.8 million available for distribution (2018: approximately S\$9.2 million).

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Mr. Ang Jui Khoon (*Chairman*) (*appointed on 24 July 2018*)

Mr. Ang Kok Kwang (Hong Guoguang) (*Chief Executive Officer*) (*appointed on 24 July 2018*)

Mr. Ang Yong Kwang (Hong Yongquan) (*appointed on 24 July 2018*)

Independent Non-executive Directors:

Ms. Tan Pei Fung (*appointed on 10 June 2019*)

Mr. Yeo Kwang Maccann (*appointed on 10 June 2019*)

Mr. Hon Chin Kheong (Han Zhenqiang) (*appointed on 10 June 2019*)

REPORT OF THE DIRECTORS

In accordance with articles 108 (a)-(b) and 112 of the Articles of Association, all the Directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 10 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and thereafter will continue unless terminated by not less than three months' written notice served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and thereafter shall continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association, unless terminated by not less than one month's written notice served by either party on the other or such shorter notice period as may be agreed by both parties.

None of the Directors, including those to be re-elected at the annual general meeting of the Company, has a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the Shares were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO"), Section 352 of the SFO and the Model Code as set out in Appendix 10 of the Listing Rules were not applicable.

As of the date of this report, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the shares of HK\$0.01 each of the Company

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ang Jui Khoon ("Mr. JK Ang") <i>(Note)</i>	Interest in controlled corporation	750,000,000	75%
Mr. Ang Kok Kwang (Hong Guoguang) ("Mr. KK Ang") <i>(Note)</i>	Interest held jointly with another person	750,000,000	75%

Note: LEAD DEVELOPMENT INVESTMENT LIMITED ("Lead Development") is legally and beneficially owned as to 87.27% by Mr. JK Ang and 12.73% by Mr. KK Ang. On 31 October 2018, Mr. JK Ang and Mr. KK Ang entered into the deed of confirmation and undertaking to acknowledge and confirm, among other things, that they are parties acting in concert during the financial year ended 30 June 2019 and that they will continue to act in the same manner regarding the affairs of the Group upon the listing of the Shares on the Main Board on the Stock Exchange. Accordingly, by virtue of the SFO, Mr. JK Ang and Mr. KK Ang are deemed to be interested in the Shares held by Lead Development.

(b) Long positions in the shares of associated corporations

Name	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. JK Ang <i>(Note)</i>	Lead Development	Beneficial owner	13,091	87.27%
Mr. KK Ang <i>(Note)</i>	Lead Development	Beneficial owner	1,909	12.73%

Note: Lead Development is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the Shares were not listed on the Stock Exchange. So far as the Directors are aware, as at the date of this report, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of Interest	Number of Shares held	Percentage of issued share capital
Lead Development (<i>Note 1</i>)	Beneficial owner	750,000,000	75%
Mr. JK Ang (<i>Note 1</i>)	Interest in controlled corporation	750,000,000	75%
Mr. KK Ang (<i>Note 1</i>)	Interest held jointly with another person	750,000,000	75%
Ms. Pan Moi Kia (<i>Note 2</i>)	Interest of spouse	750,000,000	75%
Ms. Chong Sze Yen, Josephine (<i>Note 3</i>)	Interest of spouse	750,000,000	75%

Notes:

- Lead Development is the direct shareholder of the Company. Lead Development is legally and beneficially owned by Mr. JK Ang as to 87.27% and Mr. KK Ang as to 12.73%. On 31 October 2018, Mr. JK Ang and Mr. KK Ang entered into the deed of confirmation and undertaking to acknowledge and confirm, among other things, that they are parties acting in concert during the financial year ended 30 June 2019 and that they will continue to act in the same manner regarding the affairs of the Group upon the listing of the Shares on the Main Board on the Stock Exchange. Accordingly, by virtue of the SFO, Mr. JK Ang and Mr. KK Ang are deemed to be interested in the Shares held by Lead Development.
- Ms. Pan Moi Kia is the spouse of Mr. JK Ang. Accordingly, Ms. Pan Moi Kia is deemed or taken to be interested in the Shares in which Mr. JK Ang is interested in under the SFO.
- Ms. Chong Sze Yen, Josephine is the spouse of Mr. KK Ang. Accordingly, Ms. Chong Sze Yen, Josephine is deemed or taken to be interested in the Shares in which Mr. KK Ang is interested in under the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed herein, at no time during the year ended 30 June 2019 and up to the date of this annual report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or anybody corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the contracts relating to the Reorganisation of the Group in relation to the Listing and save for the related party transactions disclosed in note 26 to the Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or its holding company was a party, and in which a Director or an entity connected with a Director had a material interest, directly or indirectly subsisted at the end of the year or at any time during the year ended 30 June 2019.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2019.

CONNECTED/RELATED PARTY TRANSACTIONS

During the year ended 30 June 2019, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Details of the significant related party transactions undertaken in the normal course of business are set out in the note 26 to the Financial Statements.

NON-COMPETITION UNDERTAKING

Mr. JK Ang, Mr. KK Ang and Lead Development (collectively, the "Covenantors") entered into a deed of non-competition dated 10 June 2019 in favour of the Company (for itself and as trustee for other members of our Group) (the "Deed of Non-Competition"). Pursuant to the Deed of Non-Competition, each of the Covenantors irrevocably and unconditionally, jointly and severally, undertakes to and covenants with our Company (for itself and as trustee for other members of the Group), among others, that, during the period which (i) the Shares remain listed on the Stock Exchange and (ii) the Covenantors, individually or collectively with their close associates (other than members of the Group) are, directly or indirectly, interested in not less than 30% of the Shares in issue, or are otherwise regarded as Covenantors, each of the Covenantors shall not, and shall procure each of his/its close associates (other than the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time.

Each of the Covenantors further undertakes that if any business investment or other commercial opportunity which may compete with the business of the Group is identified by or offered to him/it, he/it shall procure that his/its close associates to promptly notify the Group in writing not later than seven days from the date of offer and the Group shall have a right of first refusal of such opportunity. The Group shall within 30 business days after the receipt of the written notice (or such longer period, a maximum of 60 business days if the Group is required further time to assess and complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantors whether the Group will exercise the right of refusal.

As the Shares were listed on the Listing Date, the covenants of the Covenantors had not come into effect as at 30 June 2019.

COMPETING INTEREST

The controlling shareholders, the Directors and their respective close associates confirm that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 30 June 2019.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Kingsway Capital Limited ("Kingsway"), as at 30 June 2019, except for the compliance adviser agreement entered into between the Company and Kingsway dated 31 August 2018, none of Kingsway, its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 10 June 2019. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 10 June 2019, and there is no outstanding share option as at 30 June 2019.

The maximum number of shares which can be awarded under the Share Option Scheme is 10% (i.e. 100,000,000 Shares) of the Shares in issue as at the Listing Date. Upon acceptance of an offer for grant of option(s) under the Share Option Scheme, the participant shall pay HK\$1.00 to our Company by way of consideration for the grant, which option(s) will be offered for acceptance for a period of 21 days from the date of grant.

Unless approved by Shareholders in a general meeting, the amount of Shares which can be awarded to a substantial Shareholder or an INED or their respective associates in the Share Option Scheme in the 12-month period up to and including the date of such grant for any particular aforementioned person in aggregate, is at maximum 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, of a maximum of HK\$5.0 million.

The subscription price for the Shares subject to any particular option under the Share Option Scheme shall be such price as determined by our Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option(s), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option(s); and (iii) the nominal value of a Share.

EQUITY-LINKED AGREEMENTS

Except for the Scheme disclosed above, no equity-linked agreement was entered into during the year ended 30 June 2019.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2019, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 16.5% and 47.2% (2018: approximately 13.4% and 45.4%) respectively of the Group's total purchases. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 16.1% and 63.5% (2018: approximately 11.2% and 45.3%) respectively of the Group's total revenue for the year ended 30 June 2019. To the best of the Directors' knowledge, none of the Directors and none of the Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and none of their respective close associates had any material beneficial interest in the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group has maintained good relationship with our employees. The Group offers to our employees salary, bonuses and other allowances. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

Customers

The Group has established stable business relationships with our major customers. Directors consider that our long-term business relationships with our major customers and suppliers would further enhance our market recognition and enable us to attract more potential business opportunities.

A majority of the Group's five largest customers have long-standing business relationship with the Group for a period ranging from approximately 8 to 15 years.

Suppliers and subcontractors

The Group maintains an internal list of approved suppliers. We carefully evaluate the performance of our suppliers and select them based on a number of factors such as pricing, quality of material or equipment provided, timeliness of delivery and ability to comply with our requirements and specifications. The Group will review and update our internal list of approved suppliers according to our assessment of their performance on an ongoing basis.

The Group maintains an internal list of approved subcontractors. We carefully evaluate the performance of our subcontractors and select subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations. The Group will review and update our internal approved list of subcontractors according to our assessment of their performance on an ongoing basis.

Subject to the Group's capacity, resource level, cost effectiveness, complexity of the projects and customers' requirements, the Group may subcontract certain electrical engineering works such as (i) communal antennae broadcasting distribution system installation works; (ii) extra-low voltage works; (iii) fibre optic connection works; (iv) underground installation works; and (v) air-conditioning and mechanical ventilation works to other subcontractors in a project. The Group is accountable to customers for the works performed in a project, including those carried out by our subcontractors.

RETIREMENT SCHEME

The Group participates in the central provident fund, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 30 June 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient minimum public float under the Listing Rules since the Listing Date up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group during the year ended 30 June 2019 and 30 June 2018 are set out in note 11 to the Financial Statements.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 14 to 21 in this annual report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

DIVIDEND POLICY

The Company has adopted a dividend policy which sets forth the Company's approach when considering the payment of dividends and to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the future growth of the Group and provided that the Group records profits and that the declaration and payment of dividends does not affect the normal operations of the Group.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the general financial condition of the Group; the capital and debt level of the Group; future cash requirements and availability for business operations, business strategies and future development needs; any restrictions on payment of dividends that may be imposed by the Group's lenders; the general market conditions; and any other factors that the Board deems appropriate.

The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles of Association of the Company. The dividend policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

DIVIDEND

The Board has not declared or paid interim dividends during the year ended 30 June 2019.

The Board did not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: S\$3.0 million).

AUDIT COMMITTEE

The audit committee of the Company has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the Financial Statements.

AUDITORS

The Financial Statements have been audited by Deloitte & Touche LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. There has been no change in auditors since the Listing Date.

EVENT AFTER REPORTING PERIOD

Subsequent to 30 June 2019, the following significant events took place:

- (i) On 5 July 2019, a total of 749,970,000 new shares of the Company were allotted and issued, credited as fully paid at par, to the sole shareholder by way of capitalisation of a sum of HK\$7,499,700 standing to the credit of the share premium account of the Company, and that such shares rank pari passu in all respects with all the then existing issued shares of the Company.
- (ii) On 5 July 2019, 250,000,000 new ordinary shares with a par value of HK\$0.01 each of the Company were issued at a price of HK\$0.50 by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This is the Environmental, Social and Governance (“ESG”) Report prepared by Khoon Group Limited pursuant to the Environmental, Social and Governance Reporting Guide provided in Appendix 27 of the Listing Rules.

Khoon Group Limited is a Singapore-based mechanical and engineering service provider specialised in providing electrical engineering solutions with an operating history of 30 years. Our electrical engineering services mainly comprise (i) customisation and/or installation of electrical systems; (ii) assisting to obtain statutory approvals; and (iii) testing and commissioning. 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.

We place emphasis on providing consistently high-quality services and ensuring the safety and functionality of the electrical systems. Our quality management system has been certified to satisfy the requirement of ISO 9001:2008.

We also set up an occupational health and safety management system which complies with the requirement of OHSAS 18001:2007 to promote safe working practices among employees and to prevent the occurrence of accidents.

Our environmental management system complies with ISO 14001:2004 to promote environmental awareness and to prevent pollution of the environment resulting from projects undertaken by us.

Our Directors believe that our stringent quality assurance system and strong commitment to environmental and occupational health and safety management will allow us to be better positioned to deliver quality works on time and within budget, thereby strengthening our position as an established electrical engineering solutions provider in Singapore.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To achieve sustainable development, the Group maintains close relationships and continuously communicate with its stakeholders. The communications had enabled the Group to accurately assess the potential impacts of its business activities in terms of ESG. The table below highlights the Group's key stakeholders as well as the Group's methods in engaging them:

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	Shareholders	Corporate website Annual financial report Conference call
Employees	Senior Management Employees Potential recruits	Training, seminars Face-to-face meetings Independent focus groups and interviews Corporate social responsibility and volunteering activities
Customers	Government department Main contractors	Face-to-face meetings Designated customer hotline Interviews
Suppliers/Contractors	Suppliers Contractors Site inspection/meeting with contractors	Supplier assessment Daily work review
Government	Government Regulatory authorities	Written or electronic correspondences

In the following sections, the Group presents its efforts in fulfilling its corporate social responsibility under the "Environmental" and "Social" aspects for the year ended 30 June 2019. ("Reporting Period")

I. ENVIRONMENTAL

Environment and Natural Resources

Although the Group is engaged in the construction industry, the nature of our trade, being electrical and mechanical engineering, enables us to produce only minimal if not nil water, air or noise pollution to the environment.

Nevertheless, the Quality, Environment, Health and Safety policy adopted by us states that it is the Group's duty to promote environmental protection awareness among employees and that we are committed to the prevention of pollutions and wastage from our operations.

To the best of the Group's knowledge, there were no material non-compliances concerning environmental laws and regulations during the Reporting Period.

Greenhouse Gas (GHG) Emissions

In the Reporting Period, the Group did not use any liquified petroleum gas (LPG) or gas and had produced nil hazardous wastes from its operations. Therefore, it has no relevant GHG emissions to report.

The construction wastes of the Group mainly comprised of non-hazardous wastes including soil and sand.

The following presents the Group's GHG emissions for the Reporting Period:

GHG emissions from use of vehicles:

Aspects 1.1	Unit	2019
Nitrogen oxides	gram	88,195.07
Sulphur oxides	gram	310.45
Respiratory suspended particles	gram	8,217.75

GHG emissions from mobile combustion sources:

Aspects 1.2	Unit: kg (CO ₂ equivalent)	2019
Scope 1		
Carbon dioxide	kg	50,048.8
Methane	kg	101.14
Nitrous oxide	kg	7,002.41

Indirect GHG emission resulting from the generation of purchased electricity and water processing:

Aspects 1.2	Unit	2019
Scope 2		
Indirect GHG Emissions	kg (CO ₂ equivalent)	17,493.88
Indirect GHG Emissions intensity	kg (CO ₂ equivalent)/ office	17,493.88

Use of Resources

The Group implemented a series of measures to enhance the awareness of environmental protection among employees with the aim to save energy, fully utilise resources and recycle wastes in the Group's operations.

At the Group's office, our staff recycle used papers for daily printing, save up used envelope for internal communication or drafting, and would prioritize using electronic communication means over printed copies for daily operations. Recycling bins are placed beside printers to encourage scrap paper recycling.

Paper Consumption:

Aspects 1.4	Unit	2019
Paper	Kg	667.12
Paper used intensity	Kg/office	667.12

Most of the electrical appliances at the Group's office are energy efficient. When using air conditioning, employees are advised to set the temperature at an eco-friendly level of 25.5 degrees Celsius.

The following presents the Group's direct energy and water consumption for the Reporting Period:

Direct energy consumption in total and intensity

Aspects 2.1	Unit	2019
Electricity usage	kWh	39,639
Electricity usage intensity	kWh/office	39,639

Water consumption in total and intensity

Aspects 2.2	Unit	2019
Water consumption	cubic metre	63
Water consumption intensity	cubic metre/office	63

II. SOCIAL

Employment and Labour Standards

The Group is grateful to have the support of a dedicated team of industry professionals and employees. The HR policies the Group are in line with the employment laws in Singapore. The policies cover the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. Directors and senior management would participate in formulating remuneration packages for the entire employees which would correspond to their positions, job nature, qualifications and experiences. Remunerations are subject to annual review and would be adjusted appropriately based on performance appraisals. Internal promotions would be prioritized over external recruitment whenever there are development opportunities within the Group.

The Group prides itself as an equal opportunity employer. The Group builds a workplace with equity by a fair and just recruitment process in which applicant would be selected based solely on their experiences and skills. An applicant's age, gender, family status, sexual orientation, physical disability, ethnicity and religion would not in any degree affect his or her chances of joining the Group. The same principle applies to employee appraisal and counselling processes.

As an employer of foreign workers, we are required to comply with the rule and regulation as stipulated by the Ministry of Manpower of Singapore ("MOM"). Hence, we have a specific policy in place to ensure the recruitment process is in compliance with MOM's regulations and requirements, provide equal opportunity in employment practices without discrimination in race and religion, and fill the vacancies with suitable candidates.

For the year ended 30 June 2019, the Group had no material incidents of non-compliance with relevant laws and regulations regarding employment practices.

Protecting employee's health and safety

The Group is committed to providing both its employees and subcontractors with a safe and healthy working environment.

We have also set up an occupational health and safety system to promote safe working practice among all employees and to prevent the occurrence of accidents through safety inspections. Our health and safety management system has been certified to be in conformance with OHSAS 18001 and we have obtained a bizSAFE Level Star certification which is the highest bizSAFE level that may be awarded under the bizSAFE program.

Our safety manual is reviewed and updated by an independent third party safety consultant on an annual basis. We require our employees and our subcontractors' employees to follow our workplace safety rules as set out in the safety manual. Our workplace and safety rules identify common safety and health hazards and recommendations on prevention of workplace accidents. Pursuant to the Workplace Safety and Health (Risk Management) Regulations, we have from time to time conducted risk assessment in relation to the safety and health risks at our work site.

Due to the nature of the construction industry, however, the risk of work injuries cannot be completely eliminated. In the Reporting Period, there were 3 injury cases reported and 28 lost working days due to injuries.

The Group was not aware of any material non-compliance with the health and safety laws and regulations during the Reporting Period.

Training and Development

To allow employees to excel at their career, while at the same time to ensure their safety at work, the Group had provided them with adequate support and on-site training.

The Group arranges training workshops or courses for its employees in relation to the skills and techniques required for carrying out the Group's construction services, as well as knowledge on occupational health and safety, which are to be conducted either through internal training or by external parties such as other training authorities through sponsorship of admission fees.

Supply Chain Management

To support the Group's commitment to delivering the best services to customers and adding value to the Group's stakeholders in terms of ESG, the Group's operation department practices thorough supply chain management.

Specifically, approved lists of suppliers and subcontractors are maintained. Procurement of goods or services will only be made from these suppliers and subcontractors.

The Group's suppliers are selected based on the following factors:

- Environmental compliance of products supplied;
- Quality of materials; and
- Any background issues concerning potential conflict of interests in supplying goods to the Group.

For subcontractors, the following factors would be considered:

- Past safety records;
- Quality of works delivered to customers;
- Environmental compliance;
- Complaint records by customers;
- Labour practices, in particular the hiring of illegal labour; and
- Any background issues concerning potential conflict of interests in providing services to the Group.

Regular inspection on the quality and progress delivered by subcontractors would be performed by the responsible project team. The Group made it clear to subcontractors that it is a must to comply with labour laws and regulations when handling safety and employment matters at construction sites.

Service Pledge to Customers

The cornerstone to the Group's success has been the trust built between itself and its customers. Accordingly, customer communication channels were set up, including office hotline and construction site representatives, for handling customers enquiries and complaints. The Group pledge to resolve any enquiries and complaints to the satisfaction of its customers and deliver the best construction services available.

During the Reporting Period, legal liabilities arising from defective construction works, disputes with customers, or customer data protection issues were not noted.

Anti-Corruption

Over the years, the Group witnessed nil suspected or actual bribery, extortion, fraud and money laundering activities occurring within the Group. The Group stands firmly by its anti-corruption policies and procurement practices as stated in its internal manuals. Acceptance of kickbacks, commissions or any forms of benefits are strictly prohibited during any procurement, contract negotiations or other business dealings.

The manuals also outline guidance over conflicts of interest, intellectual property rights, privacy and information confidentiality, bribery and corruption, and equal opportunities.

Gift policy in the Group's internal manuals clearly states the required process and procedure for handling and accepting gifts and advantages.

Community Involvement

Donation to Hougang Village Merchants' Association

The Hougang Village Merchants' Association adheres to the principle of "From the society, for the society". The association raises funds for community welfare and public charity organizations every year. The Group contributed to Hougang Village Merchants' Association during the Reporting Period for supporting them to organise and participate in charity events.

Donation to Sian Chay Medical Institution

Sian Chay Medical Institution is a charity organisation which provides free medical care and highly subsidised medication to the poor and needy in the community regardless of race, religion or social status. The Group had donated to support their operation and to benefit more people in the community during the Reporting Period.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KHOON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Khoon Group Limited (the “Company”) and its subsidiaries (herein referred to as the “Group”) set out on pages 45 to 103, which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
<p>Contract Revenue Recognition (Note 6) and Accounting for Electrical Engineering Services (Note 18)</p> <p>The Group is involved in provision of electrical engineering services, for which revenue is recognised over time using the input method (i.e. based on actual costs incurred to date as a percentage of total budgeted costs to complete the project) to measure the Group's progress towards complete satisfaction of a performance obligation, in accordance with IFRS 15 <i>Revenue from contracts with customers</i>.</p> <p>The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the projects (i.e. contract costs incurred for work performed) relative to the total expected inputs to the projects (i.e. estimated total budgeted contract costs committed for the projects).</p> <p>Management's judgement and estimation in determining the budgeted costs to complete may have a significant impact on the Group's revenue and profit.</p> <p>The Group's revenue recognition policy and key source of estimation uncertainty are set out in Notes 4 and 5 to the consolidated financial statements.</p>	<p>We have evaluated management's process on the accounting for contract revenue and tested the key controls around contract revenue recognition.</p> <p>We assessed the Group's revenue recognition practices to determine that they are in compliance with IFRS 15 <i>Revenue from Contracts with Customers</i> including the Group's efforts or inputs to the projects (i.e. contract costs incurred for work performed) relative to the expected inputs to the construction projects (i.e. estimated total budgeted contract costs committed for the projects).</p> <p>For selected projects, our audit procedures included the following:</p> <ul style="list-style-type: none"> i. agreed projects contract sum to signed contracts and variation orders; ii. assessed the reasonableness of costs incurred against our understanding of the projects; iii. vouched the actual costs incurred during the year to details of supplier invoices and subcontractors to check the validity and accuracy of the costs; iv. performed cut-off testing to verify contract costs were taken up in the appropriate financial year; v. assessed and vouched the estimated costs to complete by substantiating costs that have been committed to quotations and contracts entered; vi. performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management;

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
	<p>vii. for projects in progress, we further recomputed the percentage of the progress of the contract based on input method to test the accuracy of the percentage of the progress to determine the revenue; and</p> <p>viii. for projects completed during the year, we obtained the customer-issued project completion documents and verified that the remaining revenue has been captured.</p> <p>Further, we then compared total contract revenue to actual costs incurred plus estimated costs to complete, and assessed for foreseeable losses.</p> <p>We also examined the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.</p> <p>Based on our procedures above, we have assessed the Group's revenue and actual costs recognised in profit or loss to be appropriate.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Responsibilities of the Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidences regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tay Hwee Ling.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore

27 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 S\$	2018 S\$
Revenue	6	48,647,372	33,731,651
Cost of services		(39,073,159)	(27,231,070)
Gross profit		9,574,213	6,500,581
Other income	7a	158,333	251,536
Other gains and losses	7b	298,535	150,435
Administrative expenses		(2,397,859)	(1,654,441)
Finance costs	8	–	(38,824)
Listing expenses	10	(2,616,260)	(948,051)
Profit before taxation		5,016,962	4,261,236
Income tax expense	9	(1,366,703)	(760,327)
Profit and other comprehensive income for the year	10	3,650,259	3,500,909
Basic and diluted earnings per share (S\$ cents)	13	0.49	0.47

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 S\$	2018 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	881,242	1,208,225
Investment property	15	871,934	887,956
Deposits	17a	113,700	-
		1,866,876	2,096,181
Current assets			
Trade receivables	16	2,688,824	3,360,752
Other receivables, deposits and prepayments	17b	1,704,862	712,273
Contract assets	18	32,768,152	11,440,486
Amounts due from directors	19	-	1,319,742
Bank balances and cash	20	5,993,458	5,997,729
		43,155,296	22,830,982
Current liabilities			
Trade and other payables	21	29,041,325	12,802,753
Contract liabilities	18	-	42,365
Income tax payable		1,578,237	1,377,374
		30,619,562	14,222,492
Net current assets		12,535,734	8,608,490
Total assets less current liabilities		14,402,610	10,704,671
Non-current liability			
Deferred tax liabilities	22	53,603	5,923
Net assets		14,349,007	10,698,748
EQUITY			
Capital and reserves			
Share capital	23	52	1,500,003
Share premium		12,917,842	-
Merger reserve		(11,417,891)	-
Accumulated profits		12,849,004	9,198,745
Equity attributable to owners of the Company		14,349,007	10,698,748

The consolidated financial statements on pages 45 to 103 were approved and authorised for issue by the Board of Directors on 27 September 2019 and are signed on its behalf by:

Ang Jui Khoon
Chairman and Executive Director

Ang Kok Kwang
Executive Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Share capital S\$	Share premium (Note a) S\$	Merger reserve (Note b) S\$	Accumulated profits S\$	Total S\$
Balance at 1 July 2017	1,500,000	–	–	8,697,836	10,197,836
Total comprehensive income for the year:					
Profit for the year	–	–	–	3,500,909	3,500,909
Transactions with owners, recognised directly in equity:					
Dividends (Note 12)	–	–	–	(3,000,000)	(3,000,000)
Issuance of share capital of Top Stride	3	–	–	–	3
Balance at 30 June 2018	1,500,003	–	–	9,198,745	10,698,748
Total comprehensive income for the year:					
Profit for the year	–	–	–	3,650,259	3,650,259
Transactions with owners, recognised directly in equity:					
Elimination of share capital pursuant to reorganisation (Notes 2 and 23)	(1,500,003)	–	–	–	(1,500,003)
Issue of shares pursuant to the reorganisation (Notes 2 and 23)	52	12,917,842	(11,417,891)	–	1,500,003
Balance at 30 June 2019	52	12,917,842	(11,417,891)	12,849,004	14,349,007

Note:

- Share premium represents the excess of share issue over the par value.
- Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation (Notes 2 and 23) and the total value of share capital of the entity acquired.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	2019 S\$	2018 S\$
Operating activities		
Profit before taxation	5,016,962	4,261,236
Adjustments for:		
(Reversal of) Allowance for bad and doubtful debts	(31,926)	54,251
(Reversal of) Allowance for liquidated damages	(189,062)	–
Depreciation of investment property	16,022	16,022
Depreciation of property, plant and equipment	455,898	414,411
Unrealised exchange (gain) loss	(86,296)	–
Loss (Gain) on disposal of property, plant and equipment	8,749	(254,092)
Finance costs	–	38,824
Bank interest income	(36,982)	(136,209)
Operating cash flows before movements in working capital	5,153,365	4,394,443
Decrease (Increase) in trade receivables	703,854	(954,336)
Increase in other receivables, deposits and prepayments	(1,106,289)	91,488
Increase in contract assets	(21,327,666)	(3,713,384)
Increase (Decrease) in trade and other payables	16,427,634	(2,327,081)
Decrease in amount due to related parties	–	(740,247)
Decrease in contract liabilities	(42,365)	(3,624,152)
Cash used in operations	(191,467)	(6,873,269)
Income tax paid	(1,118,160)	(127,484)
Net cash used in operating activities	(1,309,627)	(7,000,753)
Investing activities		
Repayment from (Advance to) directors	1,319,742	(650,607)
Placement of fixed deposits	–	(5,368,500)
Withdrawal of fixed deposits	–	14,520,744
Bank interest received	36,982	136,209
Purchase of property, plant and equipment	(137,664)	(46,347)
Proceeds from disposal of property, plant and equipment	–	1,056,998
Net cash from investing activities	1,219,060	9,648,497
Financing activities		
Repayment from a director	–	(1,059,709)
Repayment of obligations under finance lease	–	(403,123)
Interest paid	–	(38,824)
Dividends paid (Note 12)	–	(4,000,000)
Net cash used in financing activities	–	(5,501,656)
Net decrease in cash and cash equivalents	(90,567)	(2,853,912)
Cash and cash equivalents at beginning of year	5,997,729	8,851,641
Effect of foreign exchange rate changes	86,296	–
Cash and cash equivalents at end of year, represented by bank balances and cash	5,993,458	5,997,729

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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, Clifton House, 75 Fort Street, 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 details of the subsidiaries are set out in Note 27.

The consolidated financial statements are presented in Singapore Dollars (“S\$”), which is also the functional currency of the Company.

The consolidated financial statements are approved by the Board of Directors of the Company on 27 September 2019.

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

In preparing for the initial listing of the shares of the Company on the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the “Reorganisation”) as described below. Prior to the Reorganisation, Khoon Engineering Contractor Pte. Ltd. (“Khoon Engineering”), the only operating subsidiary of the Group, was controlled by Mr. JK Ang and Mr. KK Ang, who owned 87.3% and 12.7% of equity interest in Khoon Engineering respectively.

The Reorganisation comprised the following steps:

(i) Incorporation of Lead Development and Top Stride Investment Limited (“Top Stride”)

On 4 July 2018, Lead Development was incorporated in the BVI with liability limited by shares and is authorised to issue a maximum of 50,000 shares of a single class with no par value. On 4 July 2018, 13,091 ordinary shares and 1,909 ordinary shares of Lead Development were issued and allotted to Mr. JK Ang and Mr. KK Ang respectively, for cash consideration, pursuant to the memorandum and articles of association of Lead Development.

2 GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(i) Incorporation of Lead Development and Top Stride Investment Limited (“Top Stride”) (continued)

On 28 June 2018, Top Stride was incorporated in the BVI with liability limited by shares and is authorised to issue a maximum of 50,000 shares of a single class with no par value. On 28 June 2018, 13,091 ordinary shares and 1,909 ordinary shares of Top Stride were issued and allotted to Mr. JK Ang and Mr. KK Ang respectively with a total consideration of United States dollar (“US\$”) 2 (equivalent to S\$3) pursuant to the memorandum and articles of association of Top Stride.

(ii) Incorporation of the Company

On 24 July 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of Hong Kong Dollar (“HK\$”) 100,000 divided into 10,000,000 shares with par value of HK\$0.01 each.

On 24 July 2018, one nil-paid subscriber share was allotted and issued to the initial subscriber, and was transferred to Lead Development on the same day, after which the Company became wholly-owned by Lead Development.

(iii) Acquisition of Khoon Engineering by Top Stride

On 31 August 2018, Mr. JK Ang and Mr. KK Ang, as vendors, and Top Stride, as purchaser, entered into a sale and purchase agreement, pursuant to which Top Stride acquired 1,309,090 shares and 190,910 shares of Khoon Engineering, representing all of its issued shares in aggregate, from Mr. JK Ang and Mr. KK Ang, at the consideration of S\$10,606,810 and S\$1,546,835 respectively. In settlement of the aforesaid consideration, Top Stride issued and allotted 13,091 ordinary shares and 1,909 ordinary shares, credited as fully paid, to Mr. JK Ang and Mr. KK Ang respectively.

Upon completion of the above acquisition on 31 August 2018, Khoon Engineering became a wholly-owned subsidiary of Top Stride.

(iv) Acquisition of Top Stride by the Company

On 12 March 2019, Mr. JK Ang and Mr. KK Ang, as vendors, and the Company, as purchaser, entered into a sale and purchase agreement, pursuant to which the Company acquired 26,182 shares and 3,818 shares of Top Stride, representing all of its issued shares in aggregate, from Mr. JK Ang and Mr. KK Ang respectively, at the consideration of S\$11,273,877 and S\$1,644,017 respectively. In settlement of the aforesaid consideration, the Company issued and allotted 29,999 shares, credited as fully paid, to Lead Development, and crediting as fully paid at par one nil-paid share held by Lead Development, at the instructions of Mr. JK Ang and Mr. KK Ang.

2 GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iv) Acquisition of Top Stride by the Company (continued)

Following the aforesaid acquisition, Khoon Engineering became indirectly wholly owned by the Company.

As a result of the Reorganisation as completed on 12 March 2019, the Company became the holding company of the Group with its business being conducted through the operating subsidiary in Singapore, i.e. Khoon Engineering.

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.

3 ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

The Group has not restated the comparative information, which continues to be reported under IAS 39 *Financial Instruments: Recognition and Measurement* as permitted under IFRS 9 transitional provision. The application of IFRS 9 on 1 July 2018 has no material impact on the consolidated financial position of the Group with regard to classification and measurement of financial instruments nor has any material additional impairment been recognised upon application of expected loss approach as at the same date. The Group's accounting policies for IFRS 9 is disclosed in detail in Note 4 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)**New and amended 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 or IFRS Interpretations Committee (“IFRIC”) that have been issued but are not yet effective, which are relevant to the Group:

IFRS 16	<i>Leases</i> ¹
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Amendments to IFRS 3	<i>Definition of a Business</i> ²
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to IFRS 1 and IAS 8	<i>Definition of Material</i> ³
Amendments to IFRS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to IFRSs Framework	<i>Annual Improvements to IFRS Standards 2015-2017 Cycle</i> ¹ <i>Amendments to References to the Conceptual Framework in IFRS Standards</i> ³

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

2 Effective for business combinations and assets acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2020.

Except as described below, the directors of the Company consider that the application of the other new and amendments to IFRS Standards is unlikely to have a material impact on the Group’s consolidated financial position and performance as well as disclosure in the foreseeable future:

*IFRS 16 Leases***General impact of application of IFRS 16**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 July 2019.

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)

New and amended IFRS Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)

Impact of the new definition of a lease (continued)

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). Based on preliminary assessment, management is of the view that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

- a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 ADOPTION OF NEW AND REVISED STANDARDS (continued)

New and amended IFRS Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)

Impact on Lessee Accounting (continued)

Operating leases (continued)

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of S\$298,290, as disclosed in Note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, at 30 June 2019, the Group currently considers refundable rental deposits paid of S\$50,300 and refundable rental deposit received of S\$8,550 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right of use of the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The management of the Group does not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the result and the net assets of the Group.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Based on a preliminary analysis, the directors of the Company have assessed that the application of this will not have material impact to the Group.

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 (“Listing Rules”) and the applicable disclosures required by the Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis and in accordance with the following accounting policies which conform to IFRSs. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4 SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses, as appropriate, from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Merger accounting for business combination involving entities under common control (continued)

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is earlier.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

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

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; or
- (b) the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Revenue is measured based on the consideration specified in contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group recognises revenue from provision of electrical engineering services.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from provision of electrical engineering services

The Group provides services on electrical engineering works under long-term contracts with customers. Such contracts are entered into before the services begin. Under the term of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates and enhances an asset that the customer controls as the Group performs.

Revenue from provision of electrical engineering works is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

Contract assets and liabilities

A contract asset represents the Group's right to consideration from customers in exchange for the provision of electrical engineering services that the Group has transferred to a customer that is not yet unconditional. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer when the Group's right to payment becomes unconditional other than passage of time.

Contract assets are assessed for impairment in accordance with IAS 39/IFRS 9.

A contract liability represents the Group's obligation to transfer the aforesaid service to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Other income

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount in initial recognition.

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Sponsorship income is recognised when the services are provided.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Property, plant and equipment

Property, plant and equipment, including leasehold properties, held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Assets under construction included in property, plant and equipment mainly relate to all directly attributable costs incurred for the construction of industrial properties. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment loss.

Depreciation is recognised so as to write off the cost of items of investment properties less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4 SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of tangible assets**

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating-units, or otherwise they are allocated to the smallest group of cash-generating-units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is immaterial).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Initial Recognition under IAS 39 and IFRS 9

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Under IAS 39

Classification of financial assets

Financial assets classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IAS 39 (continued)

Effective interest method (continued)

Interest income is recognised on an effective interest basis for debt instruments and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, contract assets, amounts due from directors, amounts due from a related party and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables are assessed for impairment on individual basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the receivables past the credit period of 30 to 35 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IAS 39 (continued)

Impairment loss of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Under IFRS 9

Classification of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15. All recognised financial assets that are within the scope of IFRS 9 are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IFRS 9 (continued)

Classification of financial assets (continued)

All recognised financial assets of the Group (including trade receivables, other receivables, contract assets, amount due from directors, amounts due from a related company and bank balances and cash) are subsequently measured at amortised costs.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (“ECL”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss using the effective interest method and is included in the “other income” line item.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IFRS 9 (continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables, amount due from a related party and bank balances and cash) and contract assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on trade receivables and contract assets are assessed individually.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IFRS 9 (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IFRS 9 (continued)

Definition of default (continued)

The Group also considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial assets.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1 July 2018, the directors of the Group reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9. No additional impairment allowance has been recognised at the initial application.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower; or
- b) a breach of contract, such as a default or past due event; or
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under IFRS 9 (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over one year, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group's companies are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group's companies are recognised at the proceeds received, net of direct issue costs.

Financial liabilities subsequently measured at amortised cost

All financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost of a financial liability.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4 SIGNIFICANT ACCOUNTING POLICIES (continued)**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the group companies' shareholders, where appropriate.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Revenue recognition of electrical engineering services

The Group recognises contract revenue from provision of electrical engineering works over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The estimated total contract cost is based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred and adjusted for any price fluctuations during the year, where applicable. Notwithstanding that management reviews and revises the estimates of both revenue and total contract costs as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost.

Estimated impairment of trade receivables, other receivables and contract assets

Before adoption of IFRS 9, management of the Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables, other receivables and contract assets are impaired. If there is objective evidence that an impairment loss on trade receivables and other receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Where the actual future cash flow are less than expected where the actual collection of receivables upon billing to customers are less than expected, an impairment loss may arise.

As at 30 June 2018, the carrying amounts of trade receivables (net of allowance for doubtful debts of S\$54,251), other receivables (excluding prepayments and deferred issue costs) and contract assets of the Group are S\$3,360,752 (Note 16), S\$421,058 (Note 17) and S\$11,440,486 (Note 18) respectively.

Starting from 1 July 2018, the Group recognises lifetime ECL for trade receivables and contract assets, using individual assessment for each debtor based on the Group's historical credit loss experiences, 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 amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 30 June 2019, the carrying amounts of trade receivables (net of allowance for doubtful debts of S\$22,325), other receivables (excluding prepayments and deferred issue costs) and contract assets of the Group are S\$2,688,824 (Note 16), S\$675,744 (Note 17) and S\$32,768,152 (Note 18) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6 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. The accounting policies are the same as the Group’s accounting policies described in Note 4. 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:

	2019 S\$	2018 S\$
Contract revenue from provision of electrical engineering services, recognised over time	48,647,372	33,731,651

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 67 months (2018: 1 month to 67 months).

Included in the Group’s revenue for the year ended 30 June 2019 is S\$42,073,088 (2018: S\$30,686,184) derived from provision of electrical engineering services to the customers in public sector. Other revenue is derived from provision of electrical engineering services to the customers in private sector.

Transaction price allocated to the remaining performance obligations

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

	2019 S\$	2018 S\$
Provision of electrical engineering services:		
– Within one year	39,713,754	37,122,429
– More than one year but not more than two years	16,973,469	22,886,824
– More than two years but not more than five years	6,229,643	7,587,707
	62,916,866	67,596,960

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 2019 and 2018 will be recognised as revenue during the years ended/ending 30 June 2019 to 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

6 REVENUE AND SEGMENT INFORMATION (continued)**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:

	2019	2018
	S\$	S\$
Customer I	7,808,565	3,791,739
Customer II	6,890,587	N/A*
Customer III	6,739,033	3,650,655
Customer IV	5,730,029	N/A*

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

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 2019 (2018: 100%) based on the location of services delivered. The Group's non-current assets are all located in Singapore.

7 a. OTHER INCOME

	2019	2018
	S\$	S\$
Bank interest income	36,982	136,209
Government grants (Note 1)	34,404	63,442
Rental income	34,200	33,150
Sponsorship income (Note 2)	30,000	–
Others	22,747	18,735
	158,333	251,536

Note 1: Government grants mainly include the Wage Credit Scheme ("WCS") and Workforce Training and Upgrading Scheme. All of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

Note 2: During the year ended 30 June 2019, the Group received S\$30,000 sponsorship income from various suppliers for their participation in an enterprise ceremony.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7 b. OTHER GAINS AND LOSSES

	2019 S\$	2018 S\$
(Loss) Gain on disposal of property, plant and equipment	(8,749)	254,092
Exchange gain (loss)	86,296	(49,406)
Reversal of (Allowance for) impairment loss on trade receivables	31,926	(54,251)
Reversal of provision for liquidated damages (Note 21)	189,062	–
	298,535	150,435

8 FINANCE COSTS

	2019 S\$	2018 S\$
Interest on:		
Obligations under finance leases	–	38,824

9 INCOME TAX EXPENSE

	2019 S\$	2018 S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	1,319,023	807,095
Deferred tax expense (Note 22)	47,680	(46,768)
	1,366,703	760,327

CIT is calculated at 17% of the estimated assessable profit and the Group is further eligible for CIT rebate of 20%, capped at S\$10,000 for Year of Assessment 2019, determined based on financial year end date of the Group’s entity that is incorporated in Singapore. 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\$290,000 for the Year of Assessment 2019 and S\$190,000 for the Year of Assessment 2020 of normal chargeable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

9 INCOME TAX EXPENSE (continued)

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:

	2019 S\$	2018 S\$
Profit before taxation	5,016,962	4,261,236
Tax at applicable tax rate of 17%	852,884	724,410
Tax effect of expenses not deductible for tax purpose	547,379	239,508
Tax effect of income not taxable for tax purpose	(16,135)	(43,099)
Effect of tax concessions and partial tax exemptions	(17,425)	(160,492)
Taxation for the year	1,366,703	760,327

10 PROFIT FOR THE YEAR

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

	2019 S\$	2018 S\$
Depreciation of property, plant and equipment	455,898	414,411
Depreciation of investment property	16,022	16,022
Audit fees to auditors of the Company:		
– Annual audit fees	175,000	–
– Audit fees in connection with the listing of the Company (Note)	251,250	86,250
Listing expenses (Note)	2,616,260	948,051
Directors' remuneration (Note 11)	1,310,765	791,228
Other staff costs:		
– Salaries and other benefits	4,556,874	3,786,240
– Contributions to CPF	176,899	148,115
Total staff costs	6,044,538	4,725,583
Cost of materials recognised as cost of services	12,219,318	7,917,401
Subcontractor costs recognised as cost of services	21,133,207	14,155,281
Gross rental income from investment property recognised as other income (Note 7a)	(34,200)	(33,150)
Less: Direct operating expenses incurred for investment property that generated rental income	2,883	2,970
	(31,317)	(30,180)

Note: Included in listing expenses are audit fees of S\$251,250 (2018: S\$86,250) paid to auditors of the Company, and non-audit fees of S\$217,500 (2018: S\$90,000) paid to other auditors of the Group.

Included in deferred issue costs are audit fees of S\$112,500 (2018: S\$28,750) paid to auditors of the Company, and non-audit fees of S\$102,500 (2018: S\$30,000) paid to other auditors of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION**Directors' emoluments**

Mr. JK Ang and Mr. KK Ang were appointed as directors of the Company on 24 July 2018 and they were re-designated as executive directors on 31 August 2018, whilst Mr. Ang Yong Kwang ("Mr. YK Ang") was appointed on 24 July 2018. Ms. Tan Pei Fung, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong were appointed as independent non-executive directors of the Company on 10 June 2019.

The emoluments paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities now comprising the Group prior to becoming the directors of the Company) by entities comprising the Group are as follows:

Year ended 30 June 2019

	Fees S\$	Discretionary bonus (Note c) S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme (Note d) S\$	Total S\$
Executive Directors					
Mr. JK Ang (Note a)	40,000	42,000	336,000	8,550	426,550
Mr. KK Ang (Note b)	40,000	96,830	332,012	18,870	487,712
Mr. YK Ang	-	159,459	220,214	16,830	396,503
Independent Non-Executive Directors					
Tan Pei Fung	-	-	-	-	-
Yeo Kwang Maccann	-	-	-	-	-
Hon Chin Kheong	-	-	-	-	-
	80,000	298,289	888,226	44,250	1,310,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (continued)

Directors' emoluments (continued)

Year ended 30 June 2018

	Fees S\$	Discretionary bonus (Note c) S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme (Note d) S\$	Total S\$
Executive Directors					
Mr. JK Ang (Note a)	250,000	–	69,000	5,178	324,178
Mr. KK Ang (Note b)	250,000	10,500	84,000	14,025	358,525
Mr. YK Ang	–	10,500	84,000	14,025	108,525
Independent Non-Executive Directors					
Tan Pei Fung	–	–	–	–	–
Yeo Kwang Maccann	–	–	–	–	–
Hon Chin Kheong	–	–	–	–	–
	500,000	21,000	237,000	33,228	791,228

Notes:

- (a) Mr. JK Ang acts as the chairman of the Company.
- (b) Mr. KK Ang acts as chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (c) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (d) No other retirement benefits were paid to the directors of the Company in respect of their respective undertaking services in connection with the management of the affairs of the Company or its subsidiaries.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group.

None of the directors have waived any emoluments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three were directors of the Company during the year ended 30 June 2019 (2018: three) whose emoluments are included in the disclosures above. The emoluments of the remaining two (2018: two) individuals were as follows:

	2019	2018
	S\$	S\$
Salaries and allowances	195,600	148,200
Discretionary bonus	37,500	27,500
Contribution to retirement benefits scheme	30,855	27,830
	263,955	203,530

The emoluments of the five highest paid individuals (including directors) were within the following bands:

	Number of individuals	
	2019	2018
Nil to HK\$1,000,000	2	3
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	2	–
HK\$2,500,001 to HK\$3,000,000	1	–

12 DIVIDENDS

During the year ended 30 June 2018, Khoon Engineering declared and paid a dividend of S\$3,000,000 to its then shareholders in respect of the financial year ended 30 June 2017, before the Reorganisation. A remaining S\$1,000,000 dividend in respect of the financial year ended 30 June 2016 was also paid out during the year ended 30 June 2018.

No dividend has been declared by the Company or group entities during the year or subsequent to the year end.

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

13 EARNINGS PER SHARE

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

	2019	2018
Profit for the year attributable to owners of the Company (S\$)	3,650,259	3,500,909
Weighted average number of ordinary shares in issue	750,000,000	750,000,000
Basic and diluted earnings per share (S\$ cents)	0.49	0.47

The calculation of basic earnings per share for the years ended 30 June 2019 and 2018 is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 30 June 2018 had been determined on the assumption that the Reorganisation to enable the Company to become the holding company of the Group had been effective on 1 July 2017 and 750,000,000 shares in issue upon completion of the Reorganisation as detailed in Notes 23 and 34(i).

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2019 and 2018.

14 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Leasehold property	Computers	Office equipment	Motor vehicles	Furniture and fittings	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost:							
At 1 July 2017	682,081	908,000	128,193	37,174	1,359,248	129,914	3,244,610
Additions	150	-	14,194	8,825	70,999	1,179	95,347
Disposals	-	(908,000)	-	-	(50,800)	(90,330)	(1,049,130)
At 30 June 2018	682,231	-	142,387	45,999	1,379,447	40,763	2,290,827
Additions	46,248	-	24,209	36,277	-	30,930	137,664
Written off	(200,069)	-	(35,662)	(17,028)	-	(33,992)	(286,751)
At 30 June 2019	528,410	-	130,934	65,248	1,379,447	37,701	2,141,740
Accumulated depreciation:							
At 1 July 2017	177,580	88,279	126,009	14,854	382,505	125,188	914,415
Charge for the year	136,444	16,815	4,969	6,384	248,259	1,540	414,411
Elimination on disposals	-	(105,094)	-	-	(50,800)	(90,330)	(246,224)
At 30 June 2018	314,024	-	130,978	21,238	579,964	36,398	1,082,602
Charge for the year	143,213	-	31,785	19,279	255,901	5,720	455,898
Written off	(192,561)	-	(35,662)	(16,066)	-	(33,713)	(278,002)
At 30 June 2019	264,676	-	127,101	24,451	835,865	8,405	1,260,498
Carrying amounts:							
At 30 June 2018	368,207	-	11,409	24,761	799,483	4,365	1,208,225
At 30 June 2019	263,734	-	3,833	40,797	543,582	29,296	881,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Plant and machinery	5 years
Leasehold property	Over the remaining lease term
Computers	1 year
Office equipment	5 years
Motor vehicles	5 years
Furniture and fittings	5 years

During the financial year ended 30 June 2018, S\$49,000 of the additions of property, plant and equipment were acquired under hire purchase arrangements. These constituted as non-cash transactions during the year.

15 INVESTMENT PROPERTY

	2019 S\$	2018 S\$
Cost:		
At beginning and end of the year	933,509	933,509
Accumulated depreciation:		
At beginning of the year	45,553	29,531
Charge for the year	16,022	16,022
At end of the year	61,575	45,553
Carrying amount:		
At end of the year	871,934	887,956

The investment property is leased to a third party. The leases contain initial non-cancellable period of between 2 to 3 years. Subsequent renewal are negotiated with the lessees.

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

As at 30 June 2019, the fair values of the investment property amounted to S\$1,020,000 (2018: S\$1,030,000). The fair values measurements of the Group's investment property as at 31 January 2019 and 30 June 2018 were 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 date 31 January 2019 remain applicable and reasonable as at year ended 30 June 2019.

The fair values were based on comparable market transactions of similar properties in the neighbourhood 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15 INVESTMENT PROPERTY (continued)

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 year are as follows:

Address	Tenure	Fair value as at	
		2019 S\$	2018 S\$
Level 3			
No.3 Ang Mo Kio St. #04-34, Link@AMK, Singapore 569139	57 years	1,020,000	1,030,000

16 TRADE RECEIVABLES

	2019 S\$	2018 S\$
Trade receivables	2,711,149	3,415,003
Less: Allowance for doubtful debts	(22,325)	(54,251)
	2,688,824	3,360,752

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 2019 (2018: 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 year:

	2019 S\$	2018 S\$
Within 30 days	2,326,057	2,606,337
31 days to 60 days	264,919	725,086
61 days to 90 days	16,887	8,302
91 days to 120 days	26,222	–
More than 120 days	54,739	21,027
	2,688,824	3,360,752

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

16 TRADE RECEIVABLES (continued)

Prior to 1 July 2018, allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to individual customer's credit quality. In determining the recoverability of a trade receivable, the management of the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period, and no impairment was considered necessary for those balances which are not past due at each reporting date.

In the opinion of the management, the trade receivables at the end of each reporting period are of good credit quality and considering high creditability of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The table below is an analysis of trade receivables as at year end:

Analysis of trade receivables:

	2019 S\$	2018 S\$
Not past due and not impaired	2,326,057	2,606,337
Past due but not impaired	362,767	754,415
	2,688,824	3,360,752
Past due and impaired	22,325	54,251
Less: Allowance for impairment	(22,325)	(54,251)
	2,688,824	3,360,752

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 doubtful debts:

Receivables that are past due but not impaired:

	2019 S\$	2018 S\$
Within 30 days	264,919	725,086
31 days to 60 days	16,887	8,302
61 days to 90 days	26,222	-
91 days to 120 days	1,685	21,027
More than 120 days	53,054	-
	362,767	754,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

16 TRADE RECEIVABLES (continued)

Included in the Group's trade receivables are carrying amount of approximately S\$362,767 which are past due at 30 June 2019 (2018: S\$754,415), 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.

Upon application of IFRS 9 on 1 July 2018, the Group applied simplified approach to provide impairment loss measured as expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Notes 4 and 31(b) of the consolidated financial statements.

To measure the ECL of trade receivables, trade receivables are assessed individually for all customers. The ECL of trade receivables as at 1 July 2018 (upon the application of IFRS 9) has no material impact on measurement of the trade receivables nor has any additional impairment been recognised upon application as at same date.

As part of the Group's credit risk management, the Group assess 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.

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 2019, the Group recognised S\$22,325 impairment allowance based on individual assessment for all customers.

Since the application of IFRS 9 on 1 July 2018, there has been no changes in the estimation techniques or significant assumption made.

Movements in the allowance for doubtful debts:

	2019	2018
	S\$	S\$
Balance at beginning of year	54,251	24,452
Impairment losses (reversed)/recognised	(31,926)	54,251
Amounts written off	–	(24,452)
Balance at end of year	22,325	54,251

The movement for the financial year ended 30 June 2019, i.e., in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set in IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17 a. DEPOSITS

The amount relates to cash deposit placed directly with a customer as security for due performance and observance of the Group's obligations under a contract entered into between the Group and a customer, where the project is due to be completed in 2021.

The management considered the ECL for such deposit to be insignificant as at 30 June 2019.

17 b. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 S\$	2018 S\$
Deposits (Note)	358,852	59,870
Prepayments	84,420	17,210
Deferred issue costs	1,058,398	274,005
Other receivable from resale of excess materials (Note)	–	300,000
Others (Note)	203,192	61,188
	1,704,862	712,273

Note: The management considered the ECL for deposits, other receivable from resale of excess materials, and others to be insignificant as at 30 June 2019.

18 CONTRACT ASSETS/LIABILITIES

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

	2019 S\$	2018 S\$
Contract assets	32,768,152	11,440,486
Contract liabilities	–	(42,365)
	32,768,152	11,398,121

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\$32,351 as at 30 June 2018.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

18 CONTRACT ASSETS/LIABILITIES (continued)**Contract assets (continued)**

The Group's contract assets are analysed as follows:

	2019	2018
	S\$	S\$
Retention receivables	4,318,580	2,670,830
Others (Note)	28,449,572	8,802,007
	32,768,152	11,472,837

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, it is considered that the ECL for contract assets is insignificant as at 30 June 2019.

There were no impairment losses recognised on any contract asset during years ended 30 June 2019 and 2018.

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.

The Group's contract liabilities are analysed as follows:

	2019	2018
	S\$	S\$
Contract liabilities	–	74,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

19 AMOUNTS DUE FROM DIRECTORS

The balance as at 30 June 2018 is non-trade related, unsecured, non-interest bearing and repayable on demand.

20 BANK BALANCES AND CASH

	2019 S\$	2018 S\$
Cash at banks	5,963,228	5,997,729
Cash on hand	30,230	–
Cash and cash equivalents in the consolidated statement of cash flows	5,993,458	5,997,729

As at 30 June 2019, approximately S\$1,747,378 (2018: S\$4,816,724) included in bank balances carry effective interest rate ranging from 0.68% to 0.70% per annum (2018: 0.59% to 0.68% per annum). The remaining bank balances and cash are interest-free.

21 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	2019 S\$	2018 S\$
Trade payables	2,751,365	1,271,689
Trade accruals	19,383,190	9,058,676
Retention payables (Note 1)	1,503,736	1,057,898
	23,638,291	11,388,263
Other payables		
Accrued listing expenses	1,456,119	457,397
Payroll and CPF payables	225,974	714,230
Goods and Services Tax (“GST”) payables	34,363	41,002
Rental deposit received	8,550	8,550
Share issue proceeds received in advance from cornerstone investor (Note 2)	3,500,926	–
Provision for liquidated damages (Note 7b)	–	189,062
Others	177,102	4,249
	29,041,325	12,802,753

Note 1: 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.

Note 2: The amount was received by the Group shortly before the year ended 30 June 2019 and was applied to share capital upon the Share Offer (as defined in Note 23) subsequent to year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

21 TRADE AND OTHER PAYABLES (continued)

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

	2019	2018
	S\$	S\$
Within 30 days	1,740,031	618,751
31 to 60 days	376,329	437,078
61 to 90 days	138,235	7,518
91 to 120 days	340,667	5,754
Over 120 days	156,103	202,588
	2,751,365	1,271,689

The credit period on purchases from suppliers and subcontractors is 7 to 90 days (2018: 30 days) or payable upon delivery.

22 DEFERRED TAX LIABILITIES

	2019	2018
	S\$	S\$
As at 1 July	5,923	52,691
Recognised in profit or loss during the year:		
Accelerated tax depreciation (Note 9)	47,680	(46,768)
As at 30 June	53,603	5,923

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

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balance as at 30 June 2018 represented the share capital of the Khoon Engineering as the Company was incorporated in the Cayman Islands on 24 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 SHARE CAPITAL (continued)

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 5 July 2019 by way of placing of 225,000,000 ordinary shares and public offer of 25,000,000 ordinary shares at the price of HK\$0.50 per share ("Share Offer").

	Number of ordinary shares	Par Value HK\$	Share capital HK\$
Authorised share capital of the Company:			
At date of incorporation of the Company on			
24 July 2018 (Note b)	10,000,000	0.01	100,000
Increase on 10 June 2019 (Note d)	1,490,000,000	0.01	14,900,000
At 30 June 2019	1,500,000,000	0.01	15,000,000

	Number of ordinary shares	Share capital S\$
Issued and fully paid of Khoon Engineering		
At 1 July 2017 and 30 June 2018 (Note a)	1,500,000	1,500,000
Issued and fully paid of the Company:		
At date of incorporation on 24 July 2018 (Note b)	1	–
Issue of shares pursuant to the reorganisation (Note c)	29,999	52
At 30 June 2019	30,000	52

Notes:

- a. At 30 June 2018, the balance represented share capital of Khoon Engineering of 1,500,000 shares of S\$1 each.
- b. On 24 July 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each. As at the time of its incorporation, one share was allotted and issued in nil paid form to the initial subscriber, an independent third party. The said share was transferred to Lead Development on the same day.
- c. On 12 March 2019, the Company acquired the entire issued share capital of Top Stride from the Controlling Shareholders, at a consideration of S\$12,917,894. In settlement of the aforesaid consideration, the Company allotted and issued 29,999 shares credited as fully paid, to Lead Development at the instruction of the Controlling Shareholders. Following completion of the above acquisition, Khoon Engineering became an indirect wholly-owned subsidiary of the Company.
- d. Pursuant to the written resolution of the 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24 OPERATING LEASE ARRANGEMENTS**The Group as lessor**

At the end of the year, the total of future minimum lease receipts under non-cancellable operating lease are as follows:

	2019	2018
	S\$	S\$
Within one year	34,200	34,200
After one year but within five years	9,975	44,175
	44,175	78,375

The lease has a tenure of three years. The lease receivables are fixed over the lease term and no term of contingent rent income is included in the contracts.

The Group as lessee

	2019	2018
	S\$	S\$
Minimum lease payments paid during the year under operating lease in respect of staff dormitories and office	217,350	45,396

Future minimum rental payable under non-cancellable lease as at end of the reporting period are as follows:

	2019	2018
	S\$	S\$
Within one year	188,907	90,793
After one year but within five years	109,383	52,962
	298,290	143,755

The leases have tenures of three months to three years. The lease payments are fixed over the lease term and no contingent rent provision is included in the contracts.

25 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the year ended 30 June 2019, the Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S\$6,000 per month.

The total costs charged to profit or loss, amounting to S\$221,149 for the financial year ended 30 June 2019 (2018: S\$181,343), represent contributions paid or payable to the retirement benefits scheme by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

25 RETIREMENT BENEFIT PLAN (continued)

As at 30 June 2019, contributions of S\$33,022 (2018: S\$33,413) were due but had not been paid to CPF. The amounts were paid subsequent to the end of the year.

26 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements. Related companies refer to entities in which directors of the Group have a beneficial interest in.

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related companies during the financial years ended 30 June 2019 and 2018:

	2019 S\$	2018 S\$
Purchase of subcontracting works from related companies	–	1,685,690
Purchase of materials from a related company	–	39,974
Provision of certification services by a related company	–	2,210
Sundry expenses	–	41,535

Directors of the Group resigned from their respective directorships and sold their respective entire equity interests of these related companies to independent third parties during the year ended 30 June 2018, hence they are no longer regarded as related companies of the Group since the respective disposal dates. Amounts presented above include those transactions for the period up to the respective dates of disposals as appropriate. The Group had no transactions with related companies during the year ended 30 June 2019.

Guarantees from Directors

Certain directors of the Company provided personal guarantees in respect of performance guarantees and security bonds for certain foreign workers in favour of the Group during the year, of which S\$Nil remained outstanding as at 30 June 2019 (2018: S\$591,210).

Compensation of key management personnel

The remuneration of the executive directors, who are considered as key management of the Group, for the years ended 30 June 2019 and 2018 were as follows:

	2019 S\$	2018 S\$
Short term benefits	1,266,515	758,000
Post-employment benefits	44,250	33,228
Total compensation	1,310,765	791,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2019 are set out below:

Name of subsidiary	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
Top Stride	BVI	US\$2	100%	100%	Investment holding
Khoon Engineering	Singapore	S\$1,500,000	100%	–	Provision of electrical engineering services

None of the subsidiaries has issued any debt securities at the end of the year.

28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a director S\$	Obligations under finance lease S\$	Dividend payables S\$	Total S\$
At 1 July 2017	1,059,709	354,123	1,000,000	2,413,832
Financing cash flows	(1,059,709)	(441,947)	(4,000,000)	(5,501,656)
<i>Non-cash changes:</i>				
Interest expenses	–	38,824	–	38,824
New finance leases	–	49,000	–	49,000
Dividend declared	–	–	3,000,000	3,000,000
At 30 June 2018	–	–	–	–

There are no non-cash transactions arising in 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

29 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 S\$
ASSETS AND LIABILITIES	
Non-current asset	
Investment in a subsidiary	12,917,894
Current assets	
Other receivables, deposits and prepayments	1,122,905
Bank balances and cash	3,500,927
	4,623,832
Current liabilities	
Other payables	5,097,046
Amount due to a subsidiary	2,188,134
	7,285,180
Net current liabilities	(2,661,348)
Total assets less current liabilities, representing net assets	10,256,546
EQUITY	
Capital and reserves	
Share capital (Note 23)	52
Share premium	12,917,842
Accumulated losses	(2,661,348)
Equity attributable to owners of the Company	10,256,546

A summary of the Company's capital and reserves is as follows:

	Share capital S\$	Share premium S\$	Accumulated losses S\$	Total
At 24 July 2018 (date of incorporation)	–	–	–	–
Total comprehensive loss for the period:				
Loss for the period	–	–	(2,661,348)	(2,661,348)
Transactions with owner, recognised directly in equity:				
Issue of shares pursuant to the reorganisation (Note 23)	52	12,917,842	–	12,917,894
At 30 June 2019	52	12,917,842	(2,661,348)	10,256,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30 CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that it will be able to be continue as a going concern while maximising the return to shareholders through the optimisation of equity balance. The Group's overall strategy remains unchanged throughout the financial year ended 30 June 2019.

The capital structure of the Group consists of equity attributable to owners of the Group, comprising issued capital and accumulated profits. The Group is not subject to any externally imposed capital requirements.

The management of the Group review the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk with each class of items in the context of capital structure, and takes appropriate actions to adjust the Group's capital structure. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Categories of financial instruments**

	2019 S\$	2018 S\$
Financial assets		
<i>Amortised cost (2018: Loans and receivable):</i>		
Deposits	113,700	–
Trade receivables	2,688,824	3,360,752
Other receivables and deposits (Note 1)	562,044	421,058
Amounts due from directors	–	1,319,742
Bank balances and cash	5,993,458	5,997,729
	9,358,026	11,099,281
Financial liabilities		
<i>Amortised cost:</i>		
Trade and other payables (Note 2)	29,006,962	12,761,751

Note 1: Prepayments and deferred issue costs are excluded.

Note 2: GST payables are excluded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets

	(a)	(b)	(c) = (a) – (b)
Type of financial asset/liability	Gross amounts of recognised financial asset S\$	Gross amounts of recognised financial liabilities set off in the statement of financial position S\$	Net amounts of financial assets presented in the statement of financial position S\$
As at 30 June 2019 and 2018			
Other receivables from sub-contractors for backcharges	1,516,516	(1,516,516)	–

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, amounts due from directors, bank balances and cash, and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The management is of the view that the Group is not exposed to significant interest rate risk.

(a) Market risk management

Currency risk management

The Group has certain bank balances and other payables denominated in US Dollar ("US\$") and HK\$ other than the functional currency of the Company, which exposes the Company to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Financial risk management objectives and policies (continued)

(a) Market risk management (continued)

Currency risk management (continued)

The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies at the end of the reporting year are as below:

	2019 S\$	2018 S\$
Monetary assets:		
– Denominated in US\$	560,009	2,117,898
– Denominated in HK\$	4,186,553	189,165
	4,746,562	2,307,063
Monetary liabilities:		
– Denominated in US\$	21,543	106,629
– Denominated in HK\$	1,159,804	131,768
	1,181,347	238,397

If the US\$ strengthens/weakens by 10% against the functional currency of the Group, the Group's profit for the financial year ended 30 June 2019 would increase/decrease by S\$44,693 (2018: S\$166,935).

If the HK\$ strengthens/weakens by 10% against the functional currency of the Group, the Group's profit for the financial year ended 30 June 2019 would increase/decrease by S\$251,220 (2018: S\$4,764).

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(b) Credit risk management

Under IAS 39 and IFRS 9

Included in the Group's financial assets as at 30 June 2019 as a component of bank balances and cash is S\$3,500,926 (2018: Nil) placed in a bank in Hong Kong. The remaining bank balances and cash are placed in 4 banks (2018: 4) in Singapore. All these counterparties have been assessed by management to be financially sound, with external credit ratings of investment grade.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

Under IAS 39 and IFRS 9 (continued)

Other than the concentration of credit risk of bank balances and cash in Hong Kong, the Group's concentration of credit risk by geographical location is mainly in Singapore, which accounted for 26% of the total financial assets as at 30 June 2019 (2018: 100%).

Approximately 82% of total trade receivables outstanding at 30 June 2019 (2018: 64%) were due from top 5 customers which exposed the Group to concentration of credit risk. Those five largest customers are with good creditworthiness based on historical settlement record.

In order to minimise the concentration of credit risk, the management of the Group has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts.

Other than concentration of credit risk on bank deposits and balances and on trade receivables from top 5 customers as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

Under IAS 39

Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

The credit risk on amounts due from directors and other receivables is limited because the Group had not encountered significant difficulties in collecting payments from relevant parties in the past.

In addition, the directors of the Group closely monitor the subsequent settlement of the customers. In this regards, the directors of the Group consider that the Group's credit risk is significantly reduced.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

Under IFRS 9

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Fair risk	The counterparty frequently repays after due dates but usually settles after due date	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Bank balances and cash are placed with financial institutions that are externally credit-rated with investment grade, and are hence determined to have low credit risk at the reporting date.

For bank balances and cash, and other receivables and deposits, the Group has assessed and concluded that the expected credit loss for these financial assets is immaterial under ECL method based on the Group's assessment on the risk of the default of that counterparty.

Starting from 1 July 2018, the Group reassesses the lifetime ECL for trade receivables and contract assets at the end of each reporting period to ensure that adequate impairment losses are made for significant increase in the likelihood or risk of a default occurring since initial recognition. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

Under IFRS 9 (continued)

The Group applied credit risk modelling upon adoption of IFRS 9. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, it considers the forward-looking information is available and reasonable, including below indicators:

- internal credit rating based on historical information;
- actual or expected significant changes in the operating result of the debtors; and
- significant changes in the expected performance and behaviour of the debtors, include changes in the payment status of debtors.

The table below details the credit quality of the Group's financial assets (other than bank balances and cash), as well as the Group's maximum exposure to credit risk by credit risk rating grades:

As at 30 June 2019

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
Deposits	17a	Low risk	12-month ECL	113,700	–	113,700
Trade receivables	16	(1)	Lifetime ECL (simplified approach)	2,711,149	(22,325)	2,688,824
Other receivables and deposits	17b	Low risk	12-month ECL	562,044	–	562,044
Contract assets	18	(1)	Lifetime ECL (simplified approach)	32,768,152	–	32,768,152
				36,155,045	(22,325)	36,132,720

- (1) The Group determines the ECL on these items on an individual basis for all customers based on internal credit rating. The ECL rates applied are derived according to the debtors' characteristics, including their trading history with the Group and existence of default history. These rates multiplied by scalar factors to reflect differences between economic condition during the period over which the historical data has been collected and the Group's view of economic condition over the credit characteristics of the debtors. The trade receivables and contract assets due from all customers are not credit-impaired as at 30 June 2019.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

Under IFRS 9 (continued)

Other relevant information with regard to the exposure of credit risk and expected credit losses for trade receivables and contract assets as at 30 June 2019 are set out in Notes 16 and 18 respectively.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors its net operating cash flows and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial liabilities

All financial liabilities of the Group as at 30 June 2019 and 2018 are non-interest bearing and repayable on demand.

Non-derivative financial assets

All financial assets of the Group as at 30 June 2019 and 2018 are repayable on demand or due within one year.

(d) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The Group had no financial assets or financial liabilities carried at fair value in 2019 and 2018.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

32 CONTINGENT LIABILITIES

As at 30 June 2019, performance bonds of S\$907,912 (2018: S\$608,710) were given in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand payment to them the sum or sum stipulated in such demand. The Group will become liable to compensate such sums accordingly. The performance guarantees will be released upon completion of the contracts.

33 SHARE OPTION SCHEME

Pursuant to a share option scheme approved by a written resolution passed by the shareholder of the Company on 10 June 2019 (the "Share Option Scheme"), the Company may grant options to eligible directors of the Group, eligible employees of the Group and other selected participants, for the recognition of their contributions, to subscribe for shares ("Shares") in the Company with a payment of HK\$1 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date (the "Offer Date") of grant of the particular option, which must be a business day;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date of the option; and
- (iii) the nominal value of a Share on the Offer Date.

The share options are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of Company.

Up to the date of issuance of the consolidated financial statements, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

During the year ended 30 June 2019, no share options have been granted nor exercised and there is no outstanding share option of the Company as at 30 June 2019.

34 EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 30 June 2019, the following significant events took place:

- (i) On 5 July 2019, total of 749,970,000 new shares were allotted and issued, credited as fully paid at par, to the sole shareholder by way of capitalisation of a sum of HK\$7,499,700 standing to the credit of the share premium account of the Company, and that such shares rank pari passu in all respects with all the then existing issued shares of the Company.
- (ii) On 5 July 2019, 250,000,000 new ordinary shares with a par value of HK\$0.01 each of the Company were issued at a price of HK\$0.50 by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published financial statements, is set out as below:

	30 June 2019 S\$'000	30 June 2018 S\$'000	30 June 2017 S\$'000	30 June 2016 S\$'000
Revenue	48,647	33,732	30,794	38,573
Cost of sales	(39,073)	(27,231)	(25,553)	(33,762)
Gross profit	9,574	6,501	5,241	4,811
Other income	158	251	346	218
Other gains and losses	267	204	301	(106)
(Allowance for) reversal of impairment loss on trade receivables	32	(54)	–	(24)
Administrative expenses	(2,398)	(1,654)	(1,401)	(1,291)
Finance costs	–	(39)	(15)	(9)
Listing expenses	(2,616)	(948)	–	–
Profit before taxation	5,017	4,261	4,472	3,599
Income tax expense	(1,367)	(760)	(646)	(539)
Profit and other comprehensive income for the year	3,650	3,501	3,826	3,060
	30 June 2019 S\$'000	30 June 2018 S\$'000	30 June 2017 S\$'000	30 June 2016 S\$'000
ASSETS AND LIABILITIES				
Non-current assets	1,867	2,096	3,234	2,655
Current assets	43,155	22,831	29,665	28,333
Total assets	45,022	24,927	32,899	30,988
Non-current liabilities	54	6	298	163
Current liabilities	30,619	14,222	22,403	21,454
Total liabilities	30,673	14,228	22,701	21,617
Total equity	14,349	10,699	10,198	9,371