KHOON GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code : 924

2021
Annual Report

CONTENTS

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. Leung Wing Chi Kylie (appointed on 11 May 2021)
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)
Ms. Tan Pei Fung (resigned on 11 May 2021)

AUDIT COMMITTEE

Ms. Leung Wing Chi Kylie *(Chairlady)*
(appointed on 11 May 2021)
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)
Ms. Tan Pei Fung (ceased to be
chairlady on 11 May 2021)

REMUNERATION COMMITTEE

Mr. Yeo Kwang Maccann *(Chairman)*
Mr. Ang Kok Kwang (Hong Guoguang)
Ms. Leung Wing Chi Kylie (appointed on 11 May 2021)
Ms. Tan Pei Fung (ceased to be a member on 11 May 2021)

NOMINATION COMMITTEE

Mr. Ang Jui Khoon *(Chairman)*
Mr. Ang Yong Kwang (Hong Yongquan)
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)
Ms. Leung Wing Chi Kylie (appointed on 11 May 2021)
Ms. Tan Pei Fung (ceased to be a member on 11 May 2021)

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Windward 3, Regatta Office Park
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

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
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

CHAIRMAN'S STATEMENT

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 pleased to present to our shareholders the annual report of the Group for the year ended 30 June 2021.

Year 2020 had been an unprecedented year since Coronavirus Disease 2019 ("COVID-19") struck globally. The COVID-19 pandemic-triggered recession has hit both demand and supply simultaneously, causing the worst recession Singapore ever faced since our independence. It has been more than a year since the outbreak of COVID-19 and the battle against COVID-19 is far from over.

Vaccination in Singapore has reached over 80% of our population but many places globally are still experiencing high level of infection. The stringent border control measures abroad and in Singapore caused severe supply chain disruption and manpower shortages. Consequently, materials and labour costs have been on an upward trend since last year with no sign of easing.

The above has severely affected our projects margin and our overall performance for the year ended 30 June 2021. The Board is monitoring the situation closely and is in constant contact with our subcontractors and suppliers to mitigate the above.

We see every crisis as an opportunity and given the continued support from the Singapore Government and our strong overall financial position, we believe we are well placed to emerge stronger from this unprecedented crisis.

I would like to take this opportunity to express my sincere gratitude to our Directors, the management team and our ever-committed staff for their contribution through the years, as well as to the shareholders and business partners for their trust and support.

Ang Jui Khoon
Chairman and Executive Director

Singapore, 28 September 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

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

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

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

FINANCIAL REVIEW

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

Revenue

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

	For the year ended 30 June					
	2021			2020		
	Number of projects with revenue contribution	**Revenue S$ million**	**% of total revenue**	Number of projects with revenue contribution	Revenue S$ million	% of total revenue
Public sector projects	**60**	**16.6**	**63.2**	38	26.8	70.7
Private sector projects	**19**	**9.7**	**36.8**	21	11.1	29.3
Total	**79**	**26.3**	**100.0**	59	37.9	100.0

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

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

Cost of services

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

Gross Profit and Gross Profit Margin

	For the year ended 30 June					
	2021			2020		
	Revenue S$ million	**Gross profit S$ million**	**Gross profit margin %**	Revenue S$ million	Gross profit S$ million	Gross profit margin %
Public sector projects	**16.6**	**2.1**	**12.6**	26.8	4.6	17.1
Private sector projects	**9.7**	**0.1**	**1.5**	11.1	2.3	20.7
Total	**26.3**	**2.2**	**8.5**	37.9	6.9	18.1

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

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

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

Other Income

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

Other gains or losses

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

Administrative Expenses

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

Finance Costs

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

Income Tax Expense

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

Net Profit/Loss

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

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: S$Nil).

Liquidity, Financial Resources and Capital Structure

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

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

As at 30 June 2021, the Group had total bank balances and cash of approximately S$17.7 million and no short-term investments, as compared with bank balances and cash of approximately S$15.7 million and short-term investments of S$5.8 million as at 30 June 2020. The Group did not have any bank borrowings as at 30 June 2021 and 30 June 2020.

Pledge of Assets

As at 30 June 2021, the Group had approximately S$0.3 million (as at 30 June 2020: S$0.3 million) of pledged bank deposit as part of the collateral for performance guarantees in favour of the Group's customers.

Treasury Policy

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

Foreign Exchange Risk

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in Singapore dollars and the Group's assets and liabilities are primarily denominated in Singapore dollars. However, the Group has certain bank balances denominated in US$ and Hong Kong Dollars amounting to S$15.1 million which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate without entering into any hedging arrangements.

Gearing Ratio

Gearing ratio is calculated by dividing all borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2021 was nil (as at 30 June 2020: nil).

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

There were no significant investment held, material acquisitions or disposals of subsidiaries and associated companies or joint ventures by the Group during the year ended 30 June 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Company's prospectus dated 20 June 2019 ("Prospectus"), the Group did not have other future plans for material investments or capital assets as at 30 June 2021.

Employees and Remuneration Policy

As at 30 June 2021, the Group had a total of 120 employees (2020: 159 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in the year ended 30 June 2021 amounted to approximately S$4.3 million (2020: approximately S$5.3 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Retirement Benefit Costs

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

During the year ended 30 June 2021, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 30 June 2021, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.

Environmental Policies and Performance

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

Contingent Liabilities

As at 30 June 2021, the Group had performance bonds of approximately S$1.9 million (2020: S$2.6 million) given by a bank and an insurance company in favour of the Group's customers as security for the due performance and observance of our Group's obligation under the contracts entered into between our Group and the customers. The performance guarantees will be released upon completion of the contract.

Capital Expenditures and Capital Commitments

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

As at 30 June 2021, the Group had no material capital commitments.

Use of Net Proceeds from the Share Offer

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

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

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

The use of the Re-allocated Net Proceeds from the Share Offer as at 30 June 2021 was approximately as follows:

		Re-allocated Net Proceeds S$ million (approximately)	Utilised from 13 May 2020 to 30 June 2021 S$ million (approximately)	Unutilised Re-allocated Net Proceeds up to 30 June 2021 S$ million (approximately)	Expected date to fully utilise the unutilised Re-allocated Net Proceeds
(i)	Acquisition of a Singapore-based air-conditioning and mechanical ventilation contractor which is registered under the workhead of ME01 (air-conditioning, refrigeration and ventilation works) with at least "L4" grade	3.5	0.0	3.5	On or before 30 June 2023
(ii)	Strengthening the Group's manpower by recruiting additional staff	0.8	0.3	0.5	On or before 30 June 2023
(iii)	Expanding the Group's premises for its various operational needs	–	–	–	N/A
(iv)	Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects (existing new projects)	3.5	3.5	–	N/A
(iv)	Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects (new potential projects)	3.0	3.0	–	N/A
(v)	Financing the acquisition of additional machinery and equipment	0.6	0.0	0.6	On or before 30 June 2023
(vi)	Purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading the Group's enterprise resource planning system	0.4	0.1	0.3	On or before 30 June 2023
(vii)	Financing the acquisition of additional lorries	0.2	0.1	0.1	On or before 30 June 2023
(viii)	Reserved as the Group's general working capital	1.5	1.5	–	N/A
Total		13.5	8.5	5.0	

As at 30 June 2021, the unutilised amount of net proceeds was placed in licensed banks in Hong Kong and Singapore and the Board expects that it will be utilised in the same manner as disclosed in the Prospectus and the Company's announcement dated 13 May 2020. Due to the adverse impact of the outbreak of COVID-19 on worldwide economies and the cautious approach embarked by the Singapore Government to resume usual daily activities after the implementation of Circuit Breaker measures, the Board will continue to closely monitor the situation and evaluate the impact on the timeline to utilise the unutilised Re-allocated Net Proceeds and will keep shareholders and potential investors of the Company informed if there is any material change.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ang Jui Khoon ("Mr. JK Ang"), aged 70, 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 took effect on 5 July 2019. Mr. JK Ang is the father of Mr. KK Ang and Mr. YK Ang.

Mr. JK Ang has over 49 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 46, 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 took 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 21 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, Energy Fleet Limited and Energy Fleet (HK) Limited, which are the Company's subsidiaries.

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 July 2021 and will be expired in August 2023.

Mr. Ang Yong Kwang (Hong Yongquan) ("Mr. YK Ang"), aged 37, 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 took 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 11 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 & electrical works, the latest registration of which was granted by the BCA in September 2020 and will be expired in August 2022.

Independent Non-executive Directors

Ms. Leung Wing Chi Kylie ("Ms. Leung"), aged 39, was appointed as the independent non-executive Director on 11 May 2021. Her appointment as the chairlady of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company took effect on 11 May 2021. She is primarily responsible for providing independent judgment to the Board.

Ms. Leung has extensive experience in financial, accounting and audit matters. From June 2007 to May 2011, she was employed by two accounting firms in Hong Kong, where she developed hands-on experience in performing audit work on listed companies in Hong Kong and the United States. Ms. Leung has also worked at the accounting and finance department of a number of multinational corporations in the consumer goods industry where she provided support to business teams with her experience and knowledge in finance and commerce. She was employed by Nestle Hong Kong Limited from June 2011 to October 2015 where her last position was business accountant (senior management accountant). She was a business accountant manager of Pernod Ricard Asia Duty Free Limited between October 2015 and April 2017. She served as the department head of finance (senior finance manager) of Brand's Suntory (Hong Kong) Limited from August 2017 to November 2018. Ms. Leung is currently a senior finance manager at Lo Lau Lawyers, a solicitors' firm in Hong Kong.

Ms. Leung obtained her bachelor's degree in accounting and finance from Leeds Metropolitan University in the United Kingdom in June 2006. Ms. Leung was admitted as a member of the Association of Chartered Certified Accountants (the "ACCA") in December 2011 and as a fellow member of the ACCA in December 2016.

Mr. Yeo Kwang Maccann ("Mr. Yeo"), aged 36, 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 took effect on 5 July 2019. He is primarily responsible for providing independent judgment to the Board.

Mr. Yeo has over 11 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.

Mr. Hon Chin Kheong (Han Zhenqiang) ("Mr. Hon"), aged 47, 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 took effect on 5 July 2019. He is primarily responsible for providing independent judgment to the Board.

Mr. Hon has over 21 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 37, is the chief financial officer of the Company and is responsible for overall accounting and financial matters of the Group.

Mr. Lim has over 10 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. He was promoted to chief financial officer of the Company in October 2019.

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 39, is the assistant general manager of the Company and is responsible for the procurement and performance of electrical engineering projects of the Group.

Mr. Ong has over 9 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. He was promoted to assistant general manager of the Company in October 2019.

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 38, 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 9 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices.

During the year ended 30 June 2021, 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 during the year.

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 ended 30 June 2021, 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 (the "CEO")) and Mr. Ang Yong Kwang (Hong Yongquan) and three independent non-executive Directors (the "INED"), namely Ms. Leung Wing Chi Kylie, 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).

The attendance records of the Directors for the regular Board, committees and general meetings of the Company for the year are as follows:

	No. of meetings attended/No. of meetings held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Director					
Mr. Ang Jui Khoon *(Chairman)*	4/4	N/A	N/A	3/3	1/1
Mr. Ang Kok Kwang (Hong Guoguang) *(CEO)*	4/4	N/A	3/3	N/A	1/1
Mr. Ang Yong Kwang (Hong Yongquan)	4/4	N/A	N/A	3/3	1/1
Independent Non-Executive Director					
Mr. Hon Chin Kheong (Han Zhenqiang)	4/4	2/2	N/A	3/3	1/1
Ms. Tan Pei Fung (resigned on 11 May 2021)	2/2	2/2	2/2	2/2	1/1
Mr. Yeo Kwang Maccann	4/4	2/2	3/3	3/3	1/1
Ms. Leung Wing Chi Kylie (appointed on 11 May 2021)	1/1	N/A	N/A	N/A	N/A

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 2021, according to the records provided by the Directors, the executive Directors, Mr. Ang Jui Khoon, Mr. Ang Kok Kwang (Hong Guoguang) and Mr. Ang Yong Kwang (Hong Yongquan), and the INEDs, Ms. Tan Pei Fung (who resigned on 11 May 2021), Mr. Yeo Kwang Maccann, Mr. Hon Chin Kheong (Han Zhenqiang) and Ms. Leung Wing Chi Kylie (who was appointed on 11 May 2021), participated in continuous professional development activities by way of attending training covering topics including directors' duties, disclosure of interests and inside information and the Listing Rules.

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 who resigned on 11 May 2021, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang) is for a period of three years till July 2022. The term of appointment pursuant to the letter of appointment of Ms. Leung Wing Chi Kylie who was appointed on 11 May 2021 is for an initial fixed term of one year commencing on 11 May 2021. 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 (the "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 INEDs, namely Ms. Leung Wing Chi Kylie who was appointed on 11 May 2021, Ms. Tan Pei Fung who resigned on 11 May 2021, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang). The audit committee is currently chaired by Ms. Leung Wing Chi Kylie.

The primary duties of the audit committee of the Company 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 of the Company 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.

During the year ended 30 June 2021, the audit committee of the Company reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor; discussed auditing, internal control and financial reporting matters including the audited financial statements and unaudited interim financial statements; reviewed the compliance with the CG Code and the disclosure in the corporate governance report; reviewed and approved the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the audit committee of the Company; and reviewed the terms of reference of the audit committee of the Company.

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 INEDs, namely Mr. Yeo Kwang Maccann, Ms. Leung Wing Chi Kylie who was appointed on 11 May 2021 and Ms. Tan Pei Fung who resigned on 11 May 2021. The remuneration committee is chaired by Mr. Yeo Kwang Maccann.

The primary duties of the remuneration committee of the Company 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 of the Company adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the year ended 30 June 2021, the remuneration committee of the Company reviewed the Group's remuneration policy and structure; reviewed the remuneration packages of the executive Directors and senior management of the Company; reviewed and approved the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the remuneration committee of the Company and reviewed the terms of reference of the remuneration committee of the Company.

Details of Directors' emoluments and Directors' retirement benefit scheme for the year ended 30 June 2021 are disclosed in note 11 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 INEDs, namely Ms. Leung Wing Chi Kylie who was appointed on 11 May 2021, Ms. Tan Pei Fung who resigned on 11 May 2021, 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 of the Company 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 Ms. Tan Pei Fung (who resigned on 11 May 2021), Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang), 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. Ms. Leung Wing Chi Kylie who was appointed on 11 May 2021, the INED, has entered into a letter of appointment for her appointment with the Company for an initial fixed term of one year commencing from 11 May 2021 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 Articles 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 Articles of Association 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.

During the year ended 30 June 2021, the nomination committee of the Company reviewed the structure, size and composition of the Board; assessed the independence of INEDs; recommended to the Board for the Directors to stand for re-election at annual general meeting of the Company; reviewed and approved the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the nomination committee of the Company; reviewed the terms of reference of the nomination committee of the Company and made recommendation to the Board on the appointment of INED.

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 2021, Deloitte & Touche LLP was engaged as the Group's independent auditor. The statement by the auditor of the Company about their reporting responsibilities on the Group's consolidated financial statements for the year ended 30 June 2021 is set out in the section "Independent Auditor's Report" of this annual report. During the year ended 30 June 2021, remuneration paid and payable to the Group's independent auditor in respect of the year ended 30 June 2021 is S$175,000 for annual audit fee and nil for non-audit services.

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 policies regarding inside information.

During the year ended 30 June 2021, 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 Acclime Corporate Services Limited which amalgamated with BPO Global Services Limited, as its company secretary. Its primary corporate contact person at the Company is Mr. Lim Shi Ann, the chief financial officer of the Company. For the year ended 30 June 2021, 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.

During the year ended 30 June 2021, there had been no significant change in the Company's constitutional documents since the adoption of the amended and restated memorandum and articles of association of the Company on 10 June 2019.

REPORT OF THE DIRECTORS

The Directors are pleased to present this report together with the consolidated financial statements of the Group for the year ended 30 June 2021 ("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 the provision of electrical engineering services. The principal activities of the subsidiaries of the Group are set out in note 28 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 30 June 2021.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 30 June 2021 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 2021, 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 2021, 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.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year ended 30 June 2021 are set out in note 13 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 30 June 2021 are set out in note 28 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 24 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 June 2021 are set out in the "Consolidated Statement of Changes in Equity" on page 55 of this annual report. As at 30 June 2021, the Group has reserves amounting to approximately S$16.4 million available for distribution (2020: approximately S$16.6 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)*
Mr. Ang Kok Kwang (Hong Guoguang) *(Chief Executive Officer)*
Mr. Ang Yong Kwang (Hong Yongquan)

Independent Non-Executive Directors:

Ms. Leung Wing Chi Kylie (appointed on 11 May 2021)
Mr. Yeo Kwang Maccann
Mr. Hon Chin Kheong (Han Zhenqiang)
Ms. Tan Pei Fung (resigned on 11 May 2021)

In accordance with articles 108 (a)-(b) and 112 of the Articles of Association, Ms. Leung Wing Chi Kylie, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang) 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 and the senior management of the Group are set out on pages 12 to 15 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 5 July 2019 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, Ms. Tan Pei Fung (who resigned on 11 May 2021), Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang), entered into a letter of appointment with the Company for an initial term of three years commencing from 5 July 2019, and thereafter shall continue year to year subject to retirement by 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.

The independent non-executive Director, Ms. Leung Wing Chi Kylie (who was appointed on 11 May 2021), entered into a letter of appointment with the Company for an initial fixed term of one year commencing from 11 May 2021 and thereafter shall continue year to year subject to retirement by 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 2021.

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 2021, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 as set out in Appendix 10 of the Listing Rules were as follows:

(a) Long positions in the ordinary shares of HK$0.01 each of the Company ("Shares")

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ang Jui Khoon ("Mr. JK Ang") *(Note)*	Interest in controlled corporation	550,000,000	55.00%
Mr. Ang Kok Kwang (Hong Guoguang) ("Mr. KK Ang") *(Note)*	Interest held jointly with another person	550,000,000	55.00%

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 were parties acting in concert and that they would continue to act in the same manner regarding the affairs of the Group upon the listing of the Shares on the Main Board of 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 of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. JK Ang *(Note)*	Lead Development	Beneficial owner	13,091	87.27%
Mr. KK Ang *(Note)*	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.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of 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 or 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 register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

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

As at 30 June 2021, 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 *(Note 1)*	Beneficial owner	550,000,000	55.00%
Mr. JK Ang *(Note 1)*	Interest in controlled corporation	550,000,000	55.00%
Mr. KK Ang *(Note 1)*	Interest held jointly with another person	550,000,000	55.00%
Ms. Pan Moi Kia *(Note 2)*	Interest of spouse	550,000,000	55.00%
Ms. Chong Sze Yen, Josephine *(Note 3)*	Interest of spouse	550,000,000	55.00%

Notes:

1. 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 were parties acting in concert and that they would continue to act in the same manner regarding the affairs of the Group upon the listing of the Shares on the Main Board of 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.

2. 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.

3. 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.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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 during the year ended 30 June 2021.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed herein, at no time during the year ended 30 June 2021 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 27 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 2021.

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 or any of their subsidiaries 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 2021.

CONNECTED/RELATED PARTY TRANSACTIONS

During the year ended 30 June 2021, 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 27 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 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.

The Covenantors confirm that they have complied with the undertakings in the Deed of Non-Competition during the year ended 30 June 2021 and up to the date of this report.

COMPETING INTERESTS

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 2021.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Kingsway Capital Limited ("Kingsway"), as at 30 June 2021, 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 2021.

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 2021.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2021, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 19.4% and 51.6% (2020: approximately 15.0% and 45.9%) 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 39.5% and 68.4% (2020: approximately 15.2% and 51.6%) respectively of the Group's total revenue for the year ended 30 June 2021. 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 three to ten 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 2021.

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 2021 and 30 June 2020 are set out in note 11 to the Financial Statements.

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 for the year ended 30 June 2021 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.

TAX RELIEF

The Company is not aware of any relief from taxation available to existing Shareholders by reason of their holdings in the Shares.

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, rules 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 2021.

The Board did not recommend the payment of a final dividend for the year ended 30 June 2021 (2020: S$Nil).

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 16 to 25 in this annual report.

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.

AUDITOR

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 during the year ended 30 June 2021, 30 June 2020, 30 June 2019 and 30 June 2018.

EVENTS AFTER THE REPORTING PERIOD

The Group will closely monitor the development of the pandemic and assess its impact on its operations continuously. Given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak on the Group's future performance could be significantly different from estimates depending on how the situation evolves.

Save as disclosed above, there are no significant events affecting the Group which have occurred after the year ended 30 June 2021 and up to the date of this report.

On behalf of the Board

Ang Jui Khoon
Chairman and Executive Director

Singapore, 28 September 2021

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.

We are a Singapore-based mechanical and engineering service provider specialised in providing electrical engineering solutions. 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. This report covers the whole of our operations.

Our directors believe that our stringent quality assurance system and a strong commitment to environmental and occupational health and safety management will allow the Group to be more sustainable and deliver our works safely, thereby strengthening our position as an established electrical engineering solutions provider in Singapore.

The board of directors identifies sustainability issues that are considered relevant and important to our business and stakeholders based on a review of a number of factors by senior management. The factors include the following: Nature of construction activities and types of wastes and emissions that would be generated; Staff demographics including racial diversity and age groups; Types of working environment that our staff are exposed to; Nature of purchased products/services received from suppliers and subcontractors; Types of energy consumed by the Group; and Applicable laws and regulations to the Group's business of the countries where the Group has operations in.

Senior management assesses the importance of issues based on the expectations of stakeholders. It then prioritises the issues based on their significant impacts (if any) on the Group's ability to create long-term and sustainable values.

Senior management is responsible to monitor the efforts in mitigating ESG impacts and would discuss with department heads on the possible ESG mitigation measures that can be implemented in operations. It oversees the implementation of these sustainability strategies, monitors performance against ESG related goals and targets set and holds department heads accountable. From time to time, senior management will report to the board of directors on the progress of ESG related goals and targets.

To achieve sustainable development, the Group maintains close relationships and continuously communicate with its stakeholders. The communications 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	Concerns of stakeholders/the Group	Our responses
Investors	Shareholders	Corporate website Annual financial report Conference call	Return on investments Corporate strategy and governance	Effective risk management and internal control system Compliance with best corporate governance practices
Employees	Senior Management Employees Potential recruits	Training, seminars Face-to-face meetings Independent focus groups and interviews Corporate social responsibility (“CSR”) and volunteering activities	Compensation and benefits Career development opportunities Occupational health and safety (“OHS”)	Competitive remuneration packages Adequate training related to career and OHS Anti-discrimination working environment with emphasis on equity
Customers	Government department Main contractors	Face-to-face meetings Designated customer hotline Interviews	Customer data protection Quality of services/products of the Group Environmental/Safety compliance of the Group	Confidentiality agreement signed with staff Restricting staff exposure to sensitive customer data Continuous communication with customers regarding service quality Strict compliance with applicable environmental/safety regulations
Suppliers/ Contractors	Suppliers Contractors	Supplier assessment Daily work review Site inspection/meeting with contractors	Effective project management OHS Ethical business practices	Works supervision and quality control by professional project teams Health and safety management system in conformance with ISO 45001: 2018 and “bizSAFE”
Government	Government Regulatory authorities	Written or electronic correspondences	Compliance in aspects including environmental, and OHS	Members of senior management responsible to monitor compliance in relevant aspects Engage professional consultants to advise on compliance matters

I. ENVIRONMENTAL

Emissions

In the Reporting Period, the Group did not use any liquefied petroleum gas (LPG) or other gas, and produced no hazardous waste from its operations. We therefore have no relevant GHG emissions to report.

Given the issue of climate change and our Group's responsibilities to mitigate the climate impact of our operations, the Group has set an emissions reduction target of 20% of the Group's emissions over five years compared with FY 2021. To achieve this target, we plan to gradually replace our petrol vehicles with electric vehicles, reducing emissions from vehicle use in our daily operations.

Consistent with the financial year ended 30 June 2021, calculations of the following GHG emissions for the Reporting Period were based on methodologies and conversion factors contained in "Appendix 2: Reporting Guidance on Environmental KPIs" from the ESG guidance materials issued by the Stock Exchange of Hong Kong Limited.

GHG emissions from vehicle use

Aspect 1.1	Unit	2021	2020
Nitrogen oxides	gram	**207,641.93***	64,209.83
Sulphur oxides	gram	**431.18***	214.02
Respiratory suspended particles	gram	**19,553.73***	5,845.71

GHG emissions from mobile combustion sources

Aspect 1.2	Unit: kg (CO_2 equivalent)	2021	2020
Scope 1			
Carbon dioxide	kg	**69,734.94***	3,4501.11
Methane	kg	**77.25***	56.61
Nitrous oxide	kg	**6,070.09***	3,935.85

* During the COVID-19 pandemic period, the Group provided transportation to the workers since the Singapore government restrict the workers to take public transport. Therefore, the emissions generated by the use of vehicles increases relatively.

Indirect GHG emissions from generation of purchased electricity

Aspect 1.2	Unit	2021	2020
Scope 2			
Indirect GHG emissions	kg (CO_2 equivalent)	**13,555.56**	14,494.79
Indirect GHG emissions intensity	kg (CO_2 equivalent)/office	**13,555.56**	14,494.79

Use of Resources

During the Year, the Group established an energy-use efficiency target of reducing energy use by 20% based on FY 2021 levels for electricity, paper and water. To achieve our energy-use efficiency target, the Group has adopted the Reduce, Replace and Reuse approach, in line with national initiatives. Our management employees will perform periodic reviews to monitor the progress.

The major commercial waste that the Group produces at our office is paper. As such, the Group has instructed staff to recycle paper used for daily printouts, save up used envelopes for internal communications or drafting, and prioritise electronic communications over printouts for daily operations. Recycling bins are placed beside printers to encourage scrap-paper recycling.

Paper consumption

Aspect 1.4	Unit	2021	2020
Paper	Kg	**629**	639
Paper-use intensity	kg/office	**629**	639

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.

Direct energy consumption

Aspects 2.1	Unit	2021	2020
Electricity usage	kWh	**33,184**	32,843
Electricity usage intensity	kWh/office	**33,184**	32,843

The Group did not deal with any issues in sourcing water during the financial year. However, Singapore is one of the most water-stressed countries in the world as it is dependent on rainfall due to the lack of natural water resources, and has limited land available for water storage facilities.

Water consumption

Aspects 2.2	Unit	2021	2020
Water consumption	cubic metre	**40.7**	50.3
Water consumption intensity	cubic metre/office	**40.7**	50.3

Environment and Natural Resources

Although the Group is engaged in the construction industry, the nature of our trade, electrical and mechanical engineering, means we produce minimal if not no water, air and noise pollution.

Our environmental management system complies with ISO 14001:2015 to promote environmental awareness and to prevent pollution of the environment resulting from projects undertaken by us.

Nevertheless, the Quality, Environment, Health and Safety policy we have adopted states that it is the Group's duty to promote environmental protection awareness among employees, and we are committed to preventing pollution and waste from our operations.

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

Climate Change

Focus Area	Our Approach
Governance	**Board oversight**: The Board meets at least twice a year to oversee climate-related strategies, policies, actions and disclosure. **Management's role**: The Management supports climate action planning and internal policy setting, as well as coordinating responses to climate-related risks.
Strategy	**Policies and guidelines:** The Management meets monthly and discusses any potential climate change risk to our business. Management will then brainstorm ideas to mitigate these risks. The corresponding actions will be implemented and reviewed from time to time to assess their effectiveness. **Physical risks:** We assess our sites for impacts related to flood risks. We work closely with the main contractor at the site and assist with implementing fast-response measures, regular inspections and hoarding to ensure sites will not be flooded. **Transition risks:** Impacts related to market risk are assessed in our construction materials. We keep abreast of the latest energy-saving technology and equipment and recommend it to the main contractor and the regulator. In line with the national initiative for smart technology, we work with suppliers to bring in smart lighting, which uses sensors to help reduce energy usage.
Risk Management	Climate-related risks are incorporated into the Group's risk management framework and ESG materiality assessment by different stakeholders. The Group will monitor and follow-up both transition and physical climate-related risks and set up the policy to responses the relevant risk.
Metrics and Targets	Departmental contributions towards reduction targets are linked to yearly performance evaluations and employee remuneration.

II. SOCIAL

Employment

The Group is grateful to have the support of a dedicated team of industry professionals and employees. The HR policies that the Group adopts are in line with Singapore's employment laws. The policies cover the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. Directors and senior management participate in formulating remuneration packages for all employees corresponding to the employees' positions, the nature of their jobs, and their qualifications and experience. Remuneration is subject to annual review and is adjusted appropriately based on performance appraisals. Internal promotions are prioritised over external recruitment whenever there are development opportunities within the Group.

The Group prides itself on being an equal opportunity employer. The Group has built an equitable workplace with a fair recruitment process in which applicants are selected based solely on their experience and skills. An applicant's age, gender, family status, sexual orientation, physical disability, ethnicity and religion do not in any degree affect their chances of joining the Group. The same principles apply to the employee appraisal and counselling processes.

As an employer of foreign workers, we are required to comply with the rules and regulations stipulated by the Ministry of Manpower of Singapore ("MOM"). Hence, we have a specific policy in place to ensure our recruitment process complies with MOM's regulations and requirements, providing equal opportunity in employment practices without discrimination based on race or religion, and filling vacancies with suitable candidates.

Total workforce in FY2021

	2021
By Gender	No. of People
Male	108
Female	12
By Age Group	
Under 30 years old	41
30-50 years old	58
Over 50 years old	21
By Geographical Region	
Singapore	120
By Employee Category	
Senior level	6
Middle level	23
Entry level	91

Protecting Employees' Health and Safety

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

We have set up an occupational health and safety system to promote safe working practices among all employees, and we carry out safety inspections to prevent the occurrence of accidents. Our health and safety management system is ISO 45001 certified and we have obtained a bizSAFE STAR certification, the highest level awarded under the bizSAFE programme.

Our safety manual is reviewed and updated annually by an independent third-party safety consultant. We require our employees and our subcontractors' employees to follow our workplace safety rules as set out in the safety manual. Our workplace health and safety rules identify common health and safety hazards and recommendations for 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 health and safety risks at our work site.

Due to the nature of the construction industry, however, the risk of work injuries cannot be completely eliminated. For the Reporting Period, the work injury statistics for the Group were as follows:

Work Injury Statistics	Unit	2021
Number of work-related fatalities	case(s)	3
Rate of work-related fatalities	percentage	0.3%
Number of reported accidents (sick leave > 3 days)	case(s)	3
Days lost due to work injury	day(s)	6

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

The Group is well aware of the potential health hazard the COVID-19 epidemic may bring to Singapore society. Accordingly, the Group implemented the following measures to contribute to fighting against the pandemic:

- Providing face masks and disinfectant at head office and site offices for staff's use
- Requiring staff to adhere to the Group's office hygiene requirements in response to COVID-19
- Placing educational material regarding COVID-19 at head office to raise staff's hygiene awareness
- Spreading our workers over all our sites in small teams to avoid group infection

The above measures not only protected the health of our staff, but also our customers and the communities close to the worksites where the Group operates. The Group will continue to optimise its work practices for the sake of staff health and safety with the aim of creating a safe, healthy and comfortable working environment.

Training and Development

To allow employees to excel in their careers, while at the same time ensuring their safety at work, the Group 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. These are conducted either through internal training or by external parties such as other training authorities, with the Group providing sponsorship of admission fees.

Percentage of employees trained in FY2021

	2021
By Gender	
Male	100%
Female	100%
By Category	
Senior management	100%
Middle management	100%
Entry level	100%

Average training hours completed in FY2021

	2021
By Gender	No. of Hours
Male	11.11
Female	12.5
By Category	
Senior management	10
Middle management	12.61
Entry level	10.99

Labour Standards

The Group strictly prohibits child labour or forced labour in its operations in Singapore. In our Employee Staff Handbook and Manual, we have established a comprehensive recruitment process that reviews the background of candidates. During the recruitment process, the age of the applicant is verified against their identity documents. In addition, the Group regularly inspects sites to prevent any child labour or forced labour in our operations.

The Group also avoids engaging suppliers that use child labour or forced labour in their operations. Our contract with subcontractors includes the prohibition of any such conduct. Furthermore, the Group complies with the rules on employment of children and young persons (Chapter 91, part VIII) under the Employment Act of Singapore, and the International Labour Organisation Convention on the Abolition of Forced Labour.

For the Reporting Period, the Group complied with all laws and regulations relating to the prevention of child labour or forced labour. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

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, we maintain approved lists of suppliers and subcontractors, and procurement of goods or services is only 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 interest in supplying goods to the Group.

For subcontractors, the following factors are considered: past safety record; quality of work 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 interest in providing services to the Group.

During the Reporting Period, the Group maintained close ties with a total of 160 suppliers, all of which were based in Singapore. The responsible project teams regularly inspected the quality and progress of the work delivered by subcontractors. The Group made it clear to subcontractors that it is mandatory 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 is the trust built between us and our customers. Accordingly, we set up customer communication channels, including an office hotline and construction site representatives, for handling customers' enquiries and complaints. The Group pledges to resolve any enquiries and complaints to the satisfaction of its customers and deliver the best construction services available.

The Group also strives to deliver the best construction service available. Our quality management system has been certified to satisfy the requirement of ISO 9001:2015. Each of our construction projects is assigned a project team to be in charge of the quality of work delivered. The teams frequently perform site visits to their respective projects in order to monitor the workmanship of workers and subcontractors. Quality of the construction work also has to be certified by customers before the Group can receive payment.

Regarding customer data protection, the Group's employee handbook emphasises confidentiality of information to ensure that employees carefully handle customer data collected during execution of their duties. The Group also restricts employees' exposure to sensitive customer information, such as information related to contract pricing, which is restricted to a limited number of managerial grade employees.

During the Reporting Period, the Group did not note any legal liabilities arising from defective construction work, disputes with customers, or customer data protection issues.

Anti-Corruption

Over the years, the Group witnessed no suspected or actual bribery, extortion, fraud or money laundering activities 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 form of benefits is strictly prohibited during any procurement, contract negotiations or other business dealings.

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

The Group's internal manuals contain a gift policy that clearly states the required process and procedure for handling and accepting gifts and advantages.

The Group has adopted a whistle-blowing policy to encourage and enable employees to raise serious concerns within the Group. The policy allows employees to raise genuine concerns about possible improprieties in financial reporting, compliance, and other malpractice, at the earliest opportunity and in an appropriate way, without fear of reprisal.

Community Involvement

In future, we will continue our efforts towards environmental protection and implement more effective measures to mitigate environmental pollution; uphold our high standards of occupational health and safety, promote awareness of occupational safety among staff, and develop better safety equipment as appropriate; and nurture more professionals and young people for the construction industry.

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 53 to 115, which comprise the consolidated statement of financial position as at 30 June 2021, 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 2021 and of 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") issued by IASB. 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
Contract Revenue Recognition (Note 6) and Accounting for Electrical Engineering Services (Note 18) 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 *Revenue from contracts with customers*. The revenue and profit recognised in a year on these projects is dependent on, amongst others, the assessment of the Group's efforts or inputs incurred 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). Management's judgement and estimation in determining the budgeted costs to complete may have a significant impact on the Group's revenue and profit or loss. 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.	We have evaluated management's process on the accounting for contract revenue and tested the key controls around contract revenue recognition. We assessed the Group's revenue recognition practices to determine that they are in compliance with IFRS 15 *Revenue from Contracts with Customers*, including the Group's efforts or inputs incurred 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). For selected projects, our audit procedures included the following: i. agreed the projects contract sum to signed contracts and variation orders; ii. assessed the reasonableness of costs incurred against our understanding of the progress 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 that 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
	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 viii. for projects completed during the year, we obtained the customer-issued project completion documents and verified that the remaining revenue has been captured. Further, we then compared total contract revenue to actual costs incurred plus estimated costs to complete, and assessed for foreseeable losses for projects that are in progress. We obtained a complete list of projects from management and ascertained that revenue and contract balances for ongoing projects during the year have been recognised. We also examined the project documentation (including contracts effective during the financial year, 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. Lastly, we assessed the appropriateness and adequacy of relevant disclosures in the consolidated financial statements. Based on our procedures above, we have assessed the Group's revenue recognised in profit or loss to be appropriate.

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

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.

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 issued by IASB 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.

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

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

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.

(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.

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

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

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

28 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	2021 S$	2020 S$
Revenue	6	**26,303,945**	37,898,045
Cost of services		**(24,069,105)**	(31,023,927)
Gross profit		**2,234,840**	6,874,118
Other income	7a	**990,401**	885,735
Other gains and losses	7b	**(553,395)**	419,811
Allowance for impairment losses	7c	**–**	(416,486)
Administrative expenses		**(2,660,698)**	(2,810,793)
Finance costs	8	**(3,553)**	(5,665)
Listing expenses	10	**–**	(423,905)
Profit before taxation		**7,595**	4,522,815
Income tax expense	9	**(190,720)**	(818,417)
(Loss) Profit and other comprehensive (loss) income for the year	10	**(183,125)**	3,704,398
Basic and diluted (loss) earnings per share (S$ cents)	12	**(0.02)**	0.37

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 S$	2020 S$
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	13	570,489	733,238
Investment property	14	839,890	855,912
Right-of-use assets	15	295,432	254,594
Deposits	17a	–	402,450
		1,705,811	2,246,194
Current assets			
Trade receivables	16	7,050,305	2,854,253
Other receivables, deposits and prepayments	17b	1,127,081	826,782
Contract assets	18	33,648,893	39,632,362
Investments	19	–	5,579,022
Bank balances and cash	20	17,747,818	15,753,748
		59,574,097	64,646,167
Current liabilities			
Trade and other payables	21	22,181,193	26,405,017
Contract liabilities	18	11,323	300,528
Lease liabilities	22	108,345	175,042
Income tax payable		370,779	1,319,311
		22,671,640	28,199,898
Net current assets		36,902,457	36,446,269
Total assets less current liabilities		38,608,268	38,692,463
Non-current liabilities			
Deferred tax liabilities	23	55,994	61,338
Lease liabilities	22	189,600	85,326
		245,594	146,664
Net assets		38,362,674	38,545,799
EQUITY			
Capital and reserves			
Share capital	24	1,742,143	1,742,143
Share premium		31,669,457	31,669,457
Merger reserve		(11,417,891)	(11,417,891)
Accumulated profits		16,368,965	16,552,090
Equity attributable to owners of the Company		38,362,674	38,545,799

The consolidated financial statements on pages 53 to 115 were approved and authorised for issue by the Board of Directors on 28 September 2021 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 2021

	Share capital	Share premium (Note a)	Merger reserve (Note b)	Accumulated profits	Total
	S$	S$	S$	S$	S$
Balance at 1 July 2019	52	12,917,842	(11,417,891)	12,847,692	14,347,695
Total comprehensive income for the year:					
Profit for the year	–	–	–	3,704,398	3,704,398
Transactions with owners, recognised directly in equity:					
Issue of shares under the capitalisation issue (Note 24)	1,306,568	(1,306,568)	–	–	–
Issue of shares under the Share Offer (Note 24)	435,523	21,356,376	–	–	21,791,899
Share issue expenses	–	(1,298,193)	–	–	(1,298,193)
Balance at 30 June 2020	1,742,143	31,669,457	(11,417,891)	16,552,090	38,545,799
Total comprehensive loss for the year:					
Loss for the year	**–**	**–**	**–**	**(183,125)**	**(183,125)**
Balance at 30 June 2021	**1,742,143**	**31,669,457**	**(11,417,891)**	**16,368,965**	**38,362,674**

Note:

a. Share premium represents the excess of share issue over the par value.

b. Merger reserve represents the difference between the cost of acquisition pursuant to the acquisition of Top Stride Investment Limited ("Top Stride) and Khoon Engineering Contractor Pte. Ltd. ("Khoon Engineering") 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 2021

	2021 S$	2020 S$
Operating activities		
Profit before taxation	7,595	4,522,815
Adjustments for:		
Allowance for impairment losses	–	416,486
Written off trade receivables	–	30,802
Depreciation of investment property	16,022	16,022
Depreciation of plant and equipment	399,332	416,433
Depreciation of right-of-use assets	146,559	159,322
Exchange loss (gains), net	625,507	(450,613)
Gain on disposal of plant and equipment	(72,112)	–
Finance costs	3,553	5,665
Bank interest income	(88,991)	(311,032)
Operating cash flows before movements in working capital	1,037,465	4,805,900
Increase in trade receivables	(4,196,052)	(407,717)
Decrease in other receivables, deposits and prepayments	102,151	589,330
Decrease/(Increase) in contract assets	5,967,374	(7,069,210)
Decrease in trade and other payables	(4,223,824)	(2,636,308)
(Decrease)/Increase in contract liabilities	(273,110)	300,528
Cash used in operations	(1,585,996)	(4,417,477)
Income tax paid	(1,144,596)	(1,069,608)
Net cash used in operating activities	(2,730,592)	(5,487,085)
Investing activities		
Placement of investments	(4,137,343)	(29,330,298)
Withdrawal of investments	9,716,365	23,751,276
Bank interest received	88,991	311,032
Purchase of plant and equipment	(236,583)	(268,429)
Proceed from disposal of property, plant and equipment	72,112	–
Net cash from (used in) investing activities	5,503,542	(5,536,419)
Financing activities		
Repayment of lease liabilities (Note 29)	(149,820)	(154,860)
Proceeds from issue of shares	–	21,791,899
Share issues expenses paid	–	(1,298,193)
Interest paid (Note 29)	(3,553)	(5,665)
Net cash (used in) from financing activities	(153,373)	20,333,181
Net increase in cash and cash equivalents	2,619,577	9,309,677
Cash and cash equivalents at beginning of year	15,753,748	5,993,458
Effect of foreign exchange rate changes	(625,507)	450,613
Cash and cash equivalents at end of year, represented by bank balances and cash (Note 20)	17,747,818	15,753,748

See accompanying notes to consolidated financial statements.

1 GENERAL

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

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

The Company is an investment holding company and the principal activities of its operating subsidiary are the provision of electrical engineering services. The details of the subsidiaries are set out in Note 28.

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 28 September 2021.

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

In the previous financial year, for the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a group reorganisation ("Reorganisation").

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

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

Movement of Lead Development's Interest in the Company

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

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

3 ADOPTION OF NEW AND REVISED STANDARDS

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

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

New and revised IFRS Standards issued but not yet effective

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

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

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

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

3 Effective for annual periods beginning on or after 1 January 2023.

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

4 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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 *Shared-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 July 2020) or IAS 17 (before 1 July 2020), 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.

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.

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 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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment 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 assets are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of 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 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 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.

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.

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 (or a cash-generating unit or a group of cash-generating units) 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

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. 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.

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

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

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 selling and collecting contractual cash flows; 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").

All recognised financial assets of the Group are subsequently measured at amortised cost (including trade receivables, other receivables and deposits, and bank balances and cash) or FVTPL (dual currency investments).

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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. 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)

Financial assets (continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost, which are subject to impairment under IFRS 9 (including trade receivables, other receivables and deposits, and bank balances and cash) and contract assets. 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)

Financial assets (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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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).

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 with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised 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 and recognised on a straight-line basis over the lease term.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible assets' policy.

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.

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.

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

Estimated impairment of trade receivables, other receivables and contract assets

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 2021, the carrying amounts of trade receivables, net of allowance for impairment losses of S$Nil (2020: S$233,811), other receivables (excluding prepayments and deferred issue costs) and contract assets of the Group, net of allowance for impairment losses of S$Nil (2020: S$205,000), are S$7,050,305 (2020: S$2,854,253) (Note 16), S$567,965 (2020: S$1,200,879) (Note 17) and S$33,648,893 (2020: S$39,632,362) (Note 18) respectively.

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*.

6 REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's revenue for the financial year is as follows:

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

All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 2 months to 58 months (2020: 2 months to 58 months).

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

Transaction price allocated to the remaining performance obligations

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

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

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the unsatisfied (or partially satisfied) contracts as at 30 June 2021 and 2020 will be recognised as revenue during the years ended/ending 30 June 2021 to 2025.

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:

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

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

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. Revenue derived from Singapore represents 100% of the total revenue for the year ended 30 June 2021 (2020: 100%) based on the location of services delivered. The Group's non-current assets are all located in Singapore.

7 a. OTHER INCOME

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

Note 1: Government grants in 2020 and 2021 mainly include COVID-19-related support by the Singapore government, such as the Foreign Worker Levy ("FWL") rebates and the Job Support Scheme ("JSS") to help companies tide through this period of economic uncertainty. Under the JSS, the government will co-fund between 25% to 75% of the first S$4,600 of gross monthly wages paid to each local employee in a ten-month period through cash subsidies.

While JSS and FWL rebates were recognised as grant income, FWL waivers obtained of approximately S$273,000 (2020: S$126,000) were offset against related FWL expenses in cost of services.

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

7 b. OTHER GAINS AND (LOSSES)

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

7 c. ALLOWANCE FOR IMPAIRMENT LOSSES

	2021 S$	2020 S$
Allowance for impairment loss on trade receivables (Note 16)	–	(211,486)
Allowance for impairment loss on retention receivables (Note 18)	–	(205,000)
	–	(416,486)

8 FINANCE COSTS

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

9 INCOME TAX EXPENSE

	2021 S$	2020 S$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax ("CIT")	196,064	851,550
– Overprovision of tax in prior years	–	(40,868)
Deferred tax expense (Note 23)	(5,344)	7,735
	190,720	818,417

CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income for both the Years of Assessment 2021 and 2022.

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:

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

10 (LOSS) PROFIT FOR THE YEAR

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

	2021 S$	2020 S$
Depreciation of plant and equipment (Note 13)	399,332	416,433
Depreciation of right-of-use assets (Note 15)	146,559	159,322
Depreciation of investment property (Note 14)	16,022	16,022
Audit fees to auditors of the Company:		
– Annual audit fees	175,000	205,000
Listing expenses	–	423,905
Directors' remuneration (Note 11)	1,179,696	1,225,384
Other staff costs:		
– Salaries and other benefits	2,973,696	3,904,934
– Contributions to CPF	169,342	175,081
Total staff costs	4,322,734	5,305,399
Cost of materials recognised as cost of services	7,269,818	9,189,104
Subcontractor costs recognised as cost of services	12,890,496	16,576,616
Gross rental income from investment property recognised as other income (Note 7a)	(27,355)	(33,345)
Less: Direct operating expenses incurred for investment property that generated rental income	1,919	1,028
	(25,436)	(32,317)

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

During the current year on 11 May 2021, Ms. Tan Pei Fung resigned as an independent non-executive director of the Company, and Ms. Leung Wing Chi Kylie was appointed.

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 2021

	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	28,000	336,000	8,220	412,220
Mr. KK Ang (Note b)	40,000	26,000	312,000	17,380	395,380
Mr. YK Ang	40,000	18,000	234,993	16,020	309,013
Independent Non-Executive Directors					
Ms. Tan Pei Fung	18,083	–	–	–	18,083
Mr. Yeo Kwang Maccann	21,000	–	–	–	21,000
Mr. Hon Chin Kheong	21,000	–	–	–	21,000
Ms. Leung Wing Chi Kylie	3,000	–	–	–	3,000
	183,083	72,000	882,993	41,620	1,179,696

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

Directors' emoluments (continued)

Year ended 30 June 2020

	Fees	Discretionary bonus (Note c)	Salaries and allowances	Contributions to retirement benefit scheme (Note d)	Total
	S$	S$	S$	S$	S$
Executive Directors					
Mr. JK Ang (Note a)	40,000	42,000	336,000	7,650	425,650
Mr. KK Ang (Note b)	40,000	39,000	323,742	17,340	420,082
Mr. YK Ang	40,000	27,000	233,734	16,830	317,564
Independent Non-Executive Directors					
Ms. Tan Pei Fung	20,696	–	–	–	20,696
Mr. Yeo Kwang Maccann	20,696	–	–	–	20,696
Mr. Hon Chin Kheong	20,696	–	–	–	20,696
	182,088	108,000	893,476	41,820	1,225,384

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.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

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

Directors' emoluments (continued)

During the years ended 30 June 2021 and 2020:

(i) No remuneration was paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office;

(ii) There was no early termination of appointment of directors and accordingly, no termination benefit was provided to or receivable by any director;

(iii) No consideration was provided to or receivable by third parties for making available directors' services; and

(iv) No loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities, and the Company's holding company.

No significant transactions, arrangements, and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years ended 30 June 2021 and 2020 or at any time during the years.

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 2021 (2020: three) whose emoluments are included in the disclosures above. The emoluments of the remaining two (2020: two) individuals were as follows:

	2021	2020
	S$	S$
Salaries and allowances	**199,200**	195,587
Discretionary bonus	**32,400**	44,600
Contribution to retirement benefits scheme	**29,988**	32,062
	261,588	272,249

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

Employees' emoluments (continued)

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

	Number of individuals	
	2021	2020
Nil to HK$1,000,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**2**	2

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 30 June 2021 and 2020. None of the directors of the Company or the five highest paid individuals (including directors and employees) waived or agreed to waive any emoluments for the years ended 30 June 2021 and 2020.

12 (LOSS) EARNINGS PER SHARE

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

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

The calculation of basic (loss) earnings per share for the years ended 30 June 2021 and 2020 is based on the (loss) profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted (loss) earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2021 and 2020.

13 PLANT AND EQUIPMENT

	Plant and machinery S$	Computers S$	Office equipment S$	Motor vehicles S$	Furniture and fittings S$	Total S$
Cost:						
At 1 July 2019	528,410	130,934	65,248	1,379,447	37,701	2,141,740
Additions	22,038	36,640	–	208,700	1,051	268,429
At 30 June 2020	550,448	167,574	65,248	1,588,147	38,752	2,410,169
Additions	–	43,634	–	192,949	–	236,583
Disposals	–	(190)	–	(236,700)	–	(236,890)
At 30 June 2021	**550,448**	**211,018**	**65,248**	**1,544,396**	**38,752**	**2,409,862**
Accumulated depreciation:						
At 1 July 2019	264,676	127,101	24,451	835,865	8,405	1,260,498
Charge for the year	109,173	20,615	13,632	265,262	7,751	416,433
At 30 June 2020	373,849	147,716	38,083	1,101,127	16,156	1,676,931
Charge for the year	95,770	36,821	10,712	249,048	6,981	399,332
Disposals	–	(190)	–	(236,700)	–	(236,890)
At 30 June 2021	**469,619**	**184,347**	**48,795**	**1,113,475**	**23,137**	**1,839,373**
Carrying amounts:						
At 30 June 2020	176,599	19,858	27,165	487,020	22,596	733,238
At 30 June 2021	**80,829**	**26,671**	**16,453**	**430,921**	**15,615**	**570,489**

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

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

14 INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

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

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

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

	Dormitories S$	Office S$	Office equipment S$	Total S$
Cost:				
At 1 July 2019 (Upon adoption of IFRS 16)	88,141	232,804	11,213	332,158
Additions	178,416	–	–	178,416
At 30 June 2020	266,557	232,804	11,213	510,574
Additions	–	239,435	–	239,435
Termination of lease	(177,351)	–	–	(177,351)
At 30 June 2021	**89,206**	**472,239**	**11,213**	**572,658**
Accumulated Depreciation:				
At 1 July 2019 (Upon adoption of IFRS 16)	42,308	51,734	2,616	96,658
Charge for the year	79,478	77,601	2,243	159,322
At 30 June 2020	121,786	129,335	4,859	255,980
Charge for the year	66,715	77,601	2,243	146,559
Termination of lease	(125,313)	–	–	(125,313)
At 30 June 2021	**63,188**	**206,936**	**7,102**	**277,226**
Carrying amount				
At 30 June 2020	144,771	103,469	6,354	254,594
At 30 June 2021	**26,018**	**265,303**	**4,111**	**295,432**

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

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

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

The maturity analysis of lease liabilities is presented in Note 22.

15 RIGHT-OF-USE ASSETS (GROUP AS A LESSEE) (continued)

Amounts recognised in profit or loss

	2021	2020
	S$	S$
Depreciation expense on right-of-use assets (Note 10)	**146,559**	159,322
Interest expense on lease liabilities (Note 8)	**3,553**	5,665
Expense relating to short-term leases	**6,480**	72,160

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

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

16 TRADE RECEIVABLES

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

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

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

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

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

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

16 TRADE RECEIVABLES (continued)

The Group applies the 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 32(b) of the consolidated financial statements.

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

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

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. As at 30 June 2021, the Group did not recognise impairment allowance based on individual assessment for all customers (2020: S$233,811).

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

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

Analysis of trade receivables:

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

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

16 TRADE RECEIVABLES (continued)

Receivables that are past due but not impaired:

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

Included in the Group's trade receivables are carrying amount of approximately S$3,671,213 which are past due at 30 June 2021 (2020: S$1,127,812), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable based on repayment history of respective customers. Management has assessed that the receivables as at 30 June 2021 that are past due beyond 90 days are not in default as a significant portion of these relate to backcharges to a subcontractor, to which the Group is in a net payable position to as at 30 June 2021.

Movements in the allowance for impairment losses on trade receivables:

	2021 S$	2020 S$
Balance at beginning of year	233,811	22,325
Impairment losses recognised (reversed) (Note 7c)	–	211,486
Impairment written off	(233,811)	–
Balance at end of year	–	233,811

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

17 a. DEPOSITS

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

The management considered the ECL for such deposits to be insignificant as at 30 June 2020.

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

17 b. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

18 CONTRACT ASSETS/LIABILITIES

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

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

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

Contract assets (retention receivables) and contract liabilities arising from the same contract are presented on a net basis above. In the analysis below, these contract assets (retention receivables) and contract liabilities are presented on a gross basis, with the effect of the grossing up being S$16,094 as at 30 June 2021 (2020: S$56,875).

18 CONTRACT ASSETS/LIABILITIES (continued)

Contract assets

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

The Group's contract assets are analysed as follows:

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

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

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

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

To measure ECL, contract assets are assessed individually for all customers. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation for the loss rates for contract assets. Based on the individual assessment for all customers by management of the Group, other than disclosed below, it is considered that the ECL for contract assets is insignificant as at 30 June 2021 and 2020.

18 CONTRACT ASSETS/LIABILITIES (continued)

Contract assets (continued)

Movements in the allowance for impairment losses on retention receivables:

	2021 S$	2020 S$
Balance at beginning of year	205,000	–
Impairment losses recognised (Note 7c)	–	205,000
Impairment written off	(205,000)	–
Balance at end of year	–	205,000

Contract liabilities

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

The Group's contract liabilities are analysed as follows:

	2021 S$	2020 S$
Contract liabilities	27,418	357,403

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

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

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

19 INVESTMENTS

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

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

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

20 BANK BALANCES AND CASH

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

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

21 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

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

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

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

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

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

22 LEASE LIABILITIES

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

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

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

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

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

23 DEFERRED TAX LIABILITIES

	2021 S$	2020 S$
As at 1 July	61,338	53,603
(Credited) Recognised in profit or loss during the year:		
– Accelerated tax depreciation (Note 9)	(5,344)	7,735
As at 30 June	55,994	61,338

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

24 SHARE CAPITAL

	Number of ordinary shares	Par Value	Share capital
		HK$	HK$
Authorised share capital of the Company:			
At 1 July 2019, 30 June 2020 and 2021	1,500,000,000	0.01	15,000,000

	Number of ordinary shares	Share capital
		S$
Issued and fully paid of the Company:		
At 1 July 2019	30,000	52
Capitalisation issue (Note a)	749,970,000	1,306,568
Share offer (Note b)	250,000,000	435,523
At 30 June 2020 and 30 June 2021	1,000,000,000	1,742,143

Notes:

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

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

25 OPERATING LEASE COMMITMENTS

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

Maturity analysis of operating lease payments:

	2021	2020
	S$	S$
Within one year	**34,800**	9,975
After one year but within five years	**17,400**	–
	52,200	9,975

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

	2021	2020
	S$	S$
Lease income on operating leases (Note 7a)	**27,355**	33,345

26 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 2020 and 2021, 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$210,962 for the financial year ended 30 June 2021 (2020: S$216,901), represent contributions paid or payable to the retirement benefits scheme by the Group.

As at 30 June 2021, contributions of S$35,311 (2020: S$32,019) were due but had not been paid to CPF. The amounts were paid subsequent to the end of the year.

27 RELATED PARTY TRANSACTIONS

Related companies refer to entities in which directors of the Group have a beneficial interest in. Apart from disclosure within the consolidated financial statements, the Group did not enter into transactions with related companies during the financial years ended 30 June 2021 and 2020.

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 2021 and 2020 were as follows:

	2021 **S$**	2020 S$
Short term benefits	**1,074,993**	1,121,476
Post-employment benefits	**41,620**	41,820
Total compensation	**1,116,613**	1,163,296

28 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2021 and 2020 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**
			2021	2020	**2021**	2020	
Top Stride	BVI	US$2	**100%**	100%	**100%**	100%	Investment holding
Khoon Engineering	Singapore	S$1,500,000	**100%**	100%	**–**	–	Provision of electrical engineering services
Energy Fleet Limited	BVI	US$1	**100%**	–	**100%**	–	Investment holding
Energy Fleet (HK) Limited	Hong Kong	HK$1	**100%**	–	**–**	–	Investment holding

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

29 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.

	Lease liabilities (Note 22) S$
At 1 July 2019	236,812
Financing cash flows	(160,525)
Non-cash changes:	
– Interest expenses (Note 8)	5,665
– Additions to right-of-use assets (Note 15)	178,416
At 30 June 2020	260,368
Financing cash flows	(153,373)
Non-cash changes:	
– Interest expenses (Note 8)	3,553
– Additions to right-of-use assets (Note 15)	239,435
– Disposal to right-of-use assets (Note 15)	(52,038)
At 30 June 2021	297,945

30 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:

	2021 S$	2020 S$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	12,917,895	12,917,894
Current assets		
Amounts due from related party	822	–
Amounts due from subsidiaries	1,097,463	1,101,748
Investments	–	5,579,022
Bank balances and cash	15,116,686	10,885,730
	16,214,971	17,566,500
Current liabilities		
Other payables	167,300	214,225
Net current assets	16,047,671	17,352,275
Total assets less current liabilities, representing net assets	28,965,566	30,270,169
EQUITY		
Capital and reserves		
Share capital (Note 24)	1,742,143	1,742,143
Share premium	31,669,457	31,669,457
Accumulated losses	(4,446,034)	(3,141,431)
Equity attributable to owners of the Company	28,965,566	30,270,169

30 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

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

	Share capital S$	Share premium S$	Accumulated losses S$	Total S$
At 1 July 2019	52	12,917,842	(2,661,348)	10,256,546
Total comprehensive loss for the year:				
Loss for the year	–	–	(480,083)	(480,083)
Transactions with owner, recognised directly in equity:				
Issue of shares under the capitalisation issue (Note 24)	1,306,568	(1,306,568)	–	–
Share Offer (Note 24)	435,523	21,356,376	–	21,791,899
Share issue expenses	–	(1,298,193)	–	(1,298,193)
At 30 June 2020	1,742,143	31,669,457	(3,141,431)	30,270,169
Total comprehensive loss for the year:				
Loss for the year	**–**	**–**	**(1,304,603)**	**(1,304,603)**
At 30 June 2021	**1,742,143**	**31,669,457**	**(4,446,034)**	**28,965,566**

31 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 2021.

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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2021	2020
	S$	S$
Financial assets		
Amortised cost:		
Deposits	**–**	402,450
Trade receivables	**7,050,305**	2,854,253
Other receivables and deposits (Note 1)	**519,765**	554,373
Bank balances and cash	**17,747,818**	15,753,748
	25,317,888	19,564,824
FVTPL:		
Investments	**–**	5,579,022
	25,317,888	25,143,846
Financial liabilities		
Amortised cost:		
Trade and other payables (Note 2)	**21,972,167**	26,025,779
Lease liabilities	**297,945**	260,368
	22,270,112	26,286,147

Note 1: Prepayments and grant receivables are excluded.

Note 2: GST payables and deferred grant income are excluded.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

Financial assets

Type of financial asset/liability	(a) Gross amounts of recognised financial asset S$	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position S$	(c) = (a) - (b) Net amounts of financial assets presented in the statement of financial position S$
As at 30 June 2021			
Trade receivables from sub-contractors for backcharges	**1,916,198**	**(1,916,198)**	**–**
As at 30 June 2020			
Trade receivables from sub-contractors for backcharges	1,482,445	(1,482,445)	–

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, dual currency investments, 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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(a) Market risk management

Currency risk management

The Group has certain bank balances, dual currency investments, and other payables denominated in US Dollar ("US$") and Hong Kong Dollar ("HK$") 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 rates.

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

	2021	2020
	S$	S$
Monetary assets:		
– Denominated in US$	**6,700,096**	4,416,804
– Denominated in HK$	**8,421,548**	9,247,360
	15,151,644	13,664,164

As at 30 June 2021 and 2020, there are no monetary liabilities denominated in foreign currencies at the end of the reporting period.

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 2021 would increase/decrease by S$556,108 (2020: S$366,595).

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 2021 would increase/decrease by S$698,988 (2020: S$767,531).

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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management

Included in the Group's financial assets as at 30 June 2021 as a component of bank balances and cash is S$8,410,358 (2020: S$9,235,737) placed in a bank in Hong Kong. The remaining bank balances and cash are placed in 4 banks (2020: 4) in Singapore. All these counterparties have been assessed by management to be financially sound, with external credit ratings of investment grade.

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 67% of the total financial assets as at 30 June 2021 (2020: 64%).

Approximately 61% of total trade receivables outstanding at 30 June 2021 (2020: 41%) 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 balances and cash, dual currency investments, 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.

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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

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 and dual currency investments 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, dual currency investments, 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.

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.

The Group applies credit risk modelling under 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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

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 and dual currency investments) and contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

As at 30 June 2021

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
Trade receivables	16	(1)	Lifetime ECL (simplified approach)	7,050,305	–	7,050,305
Other receivables and deposits	17b	Low risk	12-month ECL	519,765	–	519,765
Contract assets	18	(1)	Lifetime ECL (simplified approach)	33,648,893	–	33,648,893
				41,218,963	–	41,218,963

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

As at 30 June 2020

	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	402,405	–	402,405
Trade receivables	16	(1)	Lifetime ECL (simplified approach)	3,088,064	(233,811)	2,854,253
Other receivables and deposits	17b	Low risk	12-month ECL	554,373	–	554,373
Contract assets	18	(1)	Lifetime ECL (simplified approach)	39,837,362	(205,000)	39,632,362
				43,882,204	(438,811)	43,443,393

(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. Except as disclosed, the trade receivables and contract assets due from all customers are not credit-impaired as at 30 June 2021 and 2020.

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 2021 and 2020 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 assets

All financial assets of the Group as at 30 June 2021 and 2020 are repayable on demand or due within one year, except non-current deposits as disclosed in Note 17a.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(c) Liquidity risk management (continued)

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

The Group

	Weighted average effective interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$
As at 30 June 2021							
Non-interest bearing instruments							
Trade and other payables	–	21,972,167	–	–	–	21,972,167	21,972,167
Fixed interest bearing instruments							
Lease liabilities	2.28	32,839	32,839	46,377	194,835	306,890	297,945
Total		22,005,006	32,839	46,377	194,835	22,279,057	22,270,112
As at 30 June 2020							
Non-interest bearing instruments							
Trade and other payables	–	26,025,779	–	–	–	26,025,779	26,025,779
Fixed interest bearing instruments							
Lease liabilities	2.29	45,895	44,419	88,838	85,967	265,119	260,368
Total		26,071,674	44,419	88,838	85,967	26,290,898	26,286,147

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(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 2021 and 2020, except dual currency investments as at 30 June 2020 as disclosed in Note 19.

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

33 CONTINGENT LIABILITIES

As at 30 June 2021, performance bonds of S$1,855,300 (2020: S$2,577,710) 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.

34 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.

34 SHARE OPTION SCHEME (continued)

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 years ended 30 June 2021 and 2020, no share options have been granted nor exercised and there is no outstanding share option of the Company as at 30 June 2021 and 2020.

35 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (2020: S$Nil).

SUMMARY OF FINANCIAL INFORMATION

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

	30 June 2021 S$'000	30 June 2020 S$'000	30 June 2019 S$'000	30 June 2018 S$'000	30 June 2017 S$'000
Revenue	**26,304**	37,898	48,647	33,732	30,795
Cost of sales	**(24,069)**	(31,024)	(39,073)	(27,231)	(25,553)
Gross profit	**2,235**	6,874	9,574	6,501	5,242
Other income	**990**	886	158	252	346
Other gains and losses	**(553)**	420	267	205	301
(Allowance for) reversal of impairment losses	**–**	(416)	32	(54)	–
Administrative expenses	**(2,661)**	(2,811)	(2,398)	(1,654)	(1,401)
Finance costs	**(3)**	(6)	–	(39)	(15)
Listing expenses	**(–)**	(424)	(2,616)	(948)	–
Profit before taxation	**8**	4,523	5,017	4,263	4,473
Income tax expense	**(191)**	(818)	(1,367)	(760)	(646)
(Loss) Profit and other comprehensive (loss) income for the year	**(183)**	3,705	3,650	3,503	3,827

	30 June 2021 S$'000	30 June 2020 S$'000	30 June 2019 S$'000	30 June 2018 S$'000	30 June 2017 S$'000
ASSETS AND LIABILITIES					
Non-current assets	**1,706**	2,304	1,867	2,096	3,234
Current assets	**59,574**	64,588	43,155	22,831	29,665
Total assets	**61,280**	66,892	45,022	24,927	32,899
Non-current liabilities	**245**	147	54	6	298
Current liabilities	**22,672**	28,200	30,620	14,222	22,403
Total liabilities	**22,917**	28,347	30,674	14,228	22,701
Total equity	**38,363**	38,545	14,348	10,699	10,198