

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Khoon Group Limited

坤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 924)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Khoon Group Limited (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 30 June 2024 together with comparative audited figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

	<i>Note</i>	2024 S\$	2023 S\$
Revenue	4	69,506,635	50,607,886
Cost of services		<u>(63,615,918)</u>	<u>(48,135,476)</u>
Gross profit		5,890,717	2,472,410
Other income	5a	283,128	310,803
Other gains and losses	5b	(662,856)	(186,135)
Impairment losses on financial assets and contract assets	5c	(790,663)	(700,000)
Administrative expenses		(4,415,795)	(3,504,879)
Finance costs	6	<u>(10,116)</u>	<u>(4,810)</u>
Profit/(loss) before tax		294,415	(1,612,611)
Income tax (expense)/credit	7	<u>(303,311)</u>	<u>63,864</u>
Loss for the year attributable to owners of the Company	8	<u>(8,896)</u>	<u>(1,548,747)</u>

	<i>Note</i>	2024 S\$	2023 S\$
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange difference on translating foreign operation		<u>(226,015)</u>	<u>212,865</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(226,015)</u>	<u>212,865</u>
Total comprehensive loss for the year attributable to owners of the Company		<u><u>(234,911)</u></u>	<u><u>(1,335,882)</u></u>
Loss per share (S\$ cents)	<i>10</i>		
Basic		<u><u>-*</u></u>	<u><u>(0.15)</u></u>
Diluted		<u><u>-*</u></u>	<u><u>(0.15)</u></u>

* Denote less than S\$(0.01) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	2024 S\$	2023 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		87,681	176,567
Right-of-use assets		731,715	145,149
Deposits		94,914	94,612
		<u>914,310</u>	<u>416,328</u>
Total non-current assets			
Current assets			
Trade receivables	<i>11</i>	9,622,527	7,833,214
Other receivables, deposits and prepayments		1,056,750	508,539
Contract assets	<i>12</i>	33,768,356	31,593,789
Bank balances and cash		7,065,336	10,184,427
		<u>51,512,969</u>	<u>50,119,969</u>
Total current assets			
Current liabilities			
Trade and other payables	<i>13</i>	15,009,711	13,618,814
Contract liabilities	<i>12</i>	51,846	188,776
Lease liabilities		380,902	112,092
Amounts due to directors		85,729	87,913
Income tax payable		369,668	84,181
		<u>15,897,856</u>	<u>14,091,776</u>
Total current liabilities			
Net current assets			
		<u>35,615,113</u>	<u>36,028,193</u>
Total assets less current liabilities			
		<u>36,529,423</u>	<u>36,444,521</u>

	<i>Note</i>	2024 S\$	2023 S\$
Non-current liabilities			
Lease liabilities		<u>355,385</u>	<u>35,572</u>
Total non-current liabilities		<u>355,385</u>	<u>35,572</u>
Net assets		<u><u>36,174,038</u></u>	<u><u>36,408,949</u></u>
EQUITY			
Capital and reserves			
Share capital	<i>14</i>	1,742,143	1,742,143
Share premium		31,669,457	31,669,457
Merger reserve		(11,417,891)	(11,417,891)
Exchange reserve		(13,150)	212,865
Accumulated profits		<u>14,193,479</u>	<u>14,202,375</u>
Equity attributable to owners of the Company		<u><u>36,174,038</u></u>	<u><u>36,408,949</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

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 Windward 3, Regatta Office Park, P.O. Box 1350, 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 812, 8/F, 68 Kimberley Road, Tsim Sha Tsui, Kowloon, 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’s ultimate holding company is Southern Heritage Limited (“**Southern Heritage**”), which was incorporated in the British Virgin Islands (the “**BVI**”) with limited liability. Southern Heritage is wholly-owned by Mr. Chen Zhi. Thus, Mr. Chen Zhi is the controlling shareholder of Khoon Group Limited and its subsidiaries.

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

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

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”). IFRS Accounting Standards comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

3 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

(a) Application of new and revised IFRS Accounting Standards

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

(b) New and revised IFRS Accounting Standards issued but not yet effective

The Group has not early applied any new standards, amendments to standards and annual improvements that have been issued but are not yet effective for the financial year beginning 1 July 2023. The new standards, amendments to standards and annual improvements include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Annual improvements	Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

In April 2024, the IASB issued IFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group presents and discloses financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Except as mentioned above, the Group is in the process of making an assessment of the expected impact of the other amendments and annual improvements to IFRS Accounting Standards in the period of initial application. So far it has concluded that the adoption of those amendments and annual improvements is unlikely to have a significant impact on the consolidated financial statements of the Group.

4 REVENUE AND SEGMENT INFORMATION

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

Segment information is reported to the executive directors of the Company, being the chief operating decision makers (“CODMs”) of the Group, for the purposes of resource allocation and performance assessment. No further detailed 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 derived from the provision of electrical engineering services as a whole. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

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

	2024	2023
	S\$	S\$
Contract revenue from provision of electrical engineering services, recognised over time	<u>69,506,635</u>	<u>50,607,886</u>

All the Group’s services are rendered directly to the customers. Contracts with the Group’s customers are agreed in fixed-price basis with project duration ranging from 6 months to 58 months (2023: 3 months to 58 months).

Included in the Group’s revenue for the year ended 30 June 2024 is S\$68,720,958 (2023: S\$46,066,323) derived from provision of electrical engineering services to customers in public sector. The other remaining revenue is derived from provision of electrical engineering services to 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.

	2024	2023
	S\$	S\$
Provision of electrical engineering services:		
— Within one year	81,571,189	63,084,854
— More than one year but not more than two years	29,365,753	38,716,797
— More than two years but not more than five years	5,908,624	16,342,555
	<u>116,845,566</u>	<u>118,144,206</u>

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 2023 and 2024 will be recognised as revenue during the years ended/ending 30 June 2024 to 2028.

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:

	2024	2023
	S\$	S\$
Customer I	9,430,019	9,408,934
Customer II	8,864,073	9,349,276
Customer III	N/A*	5,617,106
Customer IV	N/A*	5,548,259

* The revenue from the customer did not contribute 10% or more of the total revenue of the Group.

Geographical information

(a) Revenue from external customers

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 2024 (2023: 100%) based on the location of services delivered.

(b) Non-current assets

	2024 S\$	2023 S\$
Singapore	553,501	416,328
Hong Kong	360,809	–
	<u>914,310</u>	<u>416,328</u>

5a. OTHER INCOME

	2024 S\$	2023 S\$
Bank interest income	98,444	91,551
Government grants (<i>note</i>)	34,471	131,567
Rental income	–	17,400
Training income	30,660	70,285
Sales of direct materials	114,868	–
Others	4,685	–
	<u>283,128</u>	<u>310,803</u>

Note: Government grants in 2023 mainly included the Job Growth Incentive, which supports employers to expand local hiring from September 2020 to March 2023 (inclusive). 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.

5b. OTHER GAINS AND LOSSES

	2024	2023
	S\$	S\$
Gain on disposal of property, plant and equipment	60,617	54,682
Gain on disposal of investment property	–	240,819
Written off of trade receivables	(537,198)	(58,703)
Written off of contract assets	(433,563)	–
Exchange gain/(loss), net	<u>247,288</u>	<u>(422,933)</u>
	<u>(662,856)</u>	<u>(186,135)</u>

5c. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2024	2023
	S\$	S\$
Impairment losses recognised on:		
Trade receivables (<i>note 11</i>)	(730,663)	–
Contract assets (<i>note 12</i>)	<u>(60,000)</u>	<u>(700,000)</u>
	<u>(790,663)</u>	<u>(700,000)</u>

6 FINANCE COSTS

	2024	2023
	S\$	S\$
Interest on lease liabilities	<u>10,116</u>	<u>4,810</u>

7 INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) has been recognised in profit or loss as follows:

	2024	2023
	S\$	S\$
Current tax:		
— Singapore corporate income tax (“CIT”)		
Provision for the year	303,311	84,181
Overprovision in prior years	—	(112,816)
	<u>303,311</u>	<u>(28,635)</u>
Deferred tax credit	—	(35,229)
	<u>303,311</u>	<u>(63,864)</u>

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

CIT is calculated at 17% (2023: 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 years ended 30 June 2024 and 2023.

No income tax arising from BVI and Hong Kong has been recognised as those subsidiaries incorporated in BVI and Hong Kong had no assessable profits in the years ended 30 June 2024 and 2023.

8 LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024	2023
	S\$	S\$
Depreciation of property, plant and equipment	105,480	155,609
Depreciation of investment property	–	14,687
Depreciation of right-of-use assets	208,429	131,180
Impairment loss on trade receivables	730,663	–
Impairment loss on contract assets	60,000	700,000
Auditor's remuneration	166,000	160,000
Cost of materials recognised as cost of services	32,861,263	23,766,707
Subcontractor costs recognised as cost of services	<u>22,424,163</u>	<u>17,124,853</u>
Gross rental income from investment property recognised as other income (<i>note 5a</i>)	–	(17,400)
Less: Direct operating expenses incurred for investment property that generated rental income	<u>–</u>	<u>1,126</u>
	<u>–</u>	<u>(16,274)</u>

9 DIVIDENDS

No dividends were paid, declared or proposed to the owners of the Company or group entities during the year ended 30 June 2024 (2023: S\$Nil).

10 LOSS PER SHARE

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

	2024	2023
Loss for the year attributable to owners of the Company (S\$)	(8,896)	(1,548,747)
Weighted average number of ordinary shares in issue	1,000,000,000	1,000,000,000
Basic and diluted loss per share (S\$ cents)	<u>–*</u>	<u>(0.15)</u>

* Denote less than S\$(0.01) cents

The calculation of basic loss per share for the years ended 30 June 2024 and 2023 is based on the loss for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted loss per share is the same as the basic loss per share because the Group has no dilutive securities that are convertible into shares during the years ended 30 June 2024 and 2023.

11 TRADE RECEIVABLES

	2024	2023
	S\$	S\$
Trade receivables	10,406,559	7,886,583
Less: Allowance for impairment losses	(784,032)	(53,369)
	<u>9,622,527</u>	<u>7,833,214</u>

The carrying amount of the Group's trade receivables is denominated in S\$.

The Group grants credit term to customers of typically 30 to 35 days (2023: 30 to 35 days) from invoice date for trade receivables to all customers for the financial year ended 30 June 2024. The following is an aging 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:

	2024	2023
	S\$	S\$
Within 30 days	7,724,045	5,094,870
31 days to 60 days	503,823	1,983,733
61 days to 90 days	806,451	89,057
91 days to 120 days	22,815	51,168
More than 120 days	565,393	614,386
	<u>9,622,527</u>	<u>7,833,214</u>

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

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

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

The ECL of trade receivables are measured using a provision matrix by reference to past default experience and current past due exposure of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date. There has been no changes in the estimation techniques or significant assumption made during the current reporting period.

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

	Not past due S\$	≤ 30 days S\$	Trade receivables — days past due				Total S\$
			31 to 60 days S\$	61 to 90 days S\$	91 to 120 days S\$	> 120 days S\$	
As at 30 June 2024							
Estimated total gross carrying amount at default	7,740,983	504,928	809,848	22,912	–	1,327,888	10,406,559
Lifetime ECL	(16,938)	(1,105)	(3,397)	(97)	–	(762,495)	(784,032)
							<u>9,622,527</u>
As at 30 June 2023							
Estimated total gross carrying amount at default	5,102,352	1,991,850	90,518	54,133	–	647,730	7,886,583
Lifetime ECL	(7,482)	(8,117)	(1,461)	(2,965)	–	(33,344)	(53,369)
							<u>7,833,214</u>

The table below shows the movement in the loss allowance that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	2024 S\$	2023 S\$
Balance at beginning of year	53,369	53,369
Impairment losses recognised for the year	730,663	–
Balance at end of year	<u>784,032</u>	<u>53,369</u>

The significant increase in the loss allowance during the year ended 30 June 2024, mainly attributable to an individual customer (where there is objective evidence of credit impairment) has been identified as having a significantly elevated credit risk and loss allowance has been provided for on a specific basis, resulting in a charge of S\$730,663 for impairment provisions recognised in profit and loss in the current year.

12 CONTRACT ASSETS/LIABILITIES

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

	2024	2023
	S\$	S\$
Contract assets	33,950,755	32,416,188
Less: Allowance for impairment loss	(182,399)	(822,399)
	33,768,356	31,593,789
Contract liabilities	(51,846)	(188,776)
	33,716,510	31,405,013

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\$91,202 as at 30 June 2024 (2023: S\$153,786).

Contract assets

	2024	2023
	S\$	S\$
Retention receivables	9,112,975	6,722,714
Others (<i>note</i>)	24,928,982	25,847,260
Less: Allowance for impairment losses	(182,399)	(822,399)
	33,859,558	31,747,575

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

The 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.

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 to be certified by architects, surveyors or other representatives appointed by the customers at the end of each reporting period.

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

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation for the loss rates for contract assets.

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

	2024	2023
	S\$	S\$
Estimated total gross carrying amount at default		
— amount not past due	33,950,755	32,416,188
Lifetime ECL	(182,399)	(822,399)
	<u>33,768,356</u>	<u>31,593,789</u>

The table below shows the movement in the loss allowance that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9:

	2024	2023
	S\$	S\$
Balance at beginning of year	822,399	122,399
Impairment losses recognised for the year	60,000	700,000
Amounts written off during the year	(700,000)	—
Balance at end of year	<u>182,399</u>	<u>822,399</u>

During the year ended 30 June 2023, a subsidiary of the Company was in a dispute with a customer, who failed to settle the unbilled work in progress of approximately S\$1.6 million even though a substantive portion of such work were completed by the subsidiary. The customer claimed to offset the entire unbilled amount by such amount of expenses by way of claiming backcharges, but the subsidiary denied such backcharges. The subsidiary and the customer were engaged in adjudication in the Singapore Mediation Centre to resolve the dispute. Taking into account factual circumstances of the case, merits of the evidence and relevant contract provisions, the Group had made a loss allowance of S\$700,000 for the year ended 30 June 2023 in respect of the dispute.

The adjudicator issued a determination on 30 October 2023 to order the customer to pay the subsidiary S\$612,557 (inclusive of Goods and Services Tax (“GST”)). Both the subsidiary and the customer accepted the determination to settle the dispute. Accordingly, on top of the loss allowance on contract assets of S\$700,000 charged to profit or loss for the year ended 30 June 2023, a further written off of contract assets of S\$433,563 was charged to profit or loss during the year ended 30 June 2024. Meanwhile, a write-off of contract assets each of gross carrying amount and loss allowance of S\$700,000 was made as at 30 June 2024.

Contract liabilities

The contract liabilities represent the Group’s obligation to provide 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 2024 and 30 June 2023 mainly relate to advances received from customers.

The Group’s contract liabilities are analysed as follows:

	2024	2023
	S\$	S\$
Contract liabilities, gross	<u>143,048</u>	<u>342,562</u>

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

	2024	2023
	S\$	S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>342,562</u>	<u>214,620</u>

None of the revenue recognised during the years ended 30 June 2024 and 30 June 2023 relates to performance obligations that were satisfied in prior periods.

13 TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	2024	2023
	S\$	S\$
Trade payables	8,623,132	8,073,129
Trade accruals	2,261,331	1,966,447
Retention payables (<i>note</i>)	<u>3,343,394</u>	<u>2,816,796</u>
	14,227,857	12,856,372
Other payables		
Payroll, CPF and MPF payables	336,024	245,098
GST payables	214,247	286,568
Accrued audit fees	166,000	160,000
Others	<u>65,583</u>	<u>70,776</u>
	<u>15,009,711</u>	<u>13,618,814</u>

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 is classified as current as they are within the Group's normal operating cycle.

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

	2024	2023
	S\$	S\$
Within 30 days	3,671,211	2,766,872
31 days to 60 days	2,974,373	3,120,266
61 days to 90 days	1,482,970	996,153
91 days to 120 days	345,641	763,456
Over 120 days	<u>148,937</u>	<u>426,382</u>
	<u>8,623,132</u>	<u>8,073,129</u>

The credit period on purchases from suppliers and subcontractors is 30 to 90 days (2023: 30 to 90 days) or payable upon delivery.

The carrying amounts of trade payables are denominated in S\$.

14 SHARE CAPITAL

	Number of ordinary shares	Par value HK\$	Share capital HK\$
Authorised share capital of the Company:			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	<u>1,500,000,000</u>	<u>0.01</u>	<u>15,000,000</u>
		Number of ordinary shares	Share capital S\$
Issued and fully paid share capital of the Company:			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024		<u>1,000,000,000</u>	<u>1,742,143</u>

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 2024.

The capital structure of the Group consists of equity attributable to owners of the Group, comprising issued capital, reserves and accumulated profits.

The management of the Group reviews 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a mechanical and electrical (“**M&E**”) engineering contractor in Singapore specialised in providing electrical engineering solutions and our scope of services comprises (i) customisation and/or installation of electrical systems; (ii) assisting to obtain statutory approvals; and (iii) testing and commissioning. The Group has been established for over 30 years and our services are essential for ensuring the functionality and connectedness of the electrical systems as well as their compliance with the prescribed designs and statutory requirements. Our electrical engineering services are widely required in new building developments, redevelopment, additions and alternations (“**A&A**”) works and upgrading projects, involving 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 2024, the Group’s revenue increased by approximately 37.3% to approximately S\$69.5 million as compared to approximately S\$50.6 million for the year ended 30 June 2023. The increase was mainly due to the increase in construction demand in Singapore. The Group’s gross profit for the year ended 30 June 2024 increased by approximately 138.3% to approximately S\$5.9 million, as compared to approximately S\$2.5 million for the year ended 30 June 2023. Our gross profit margin for the year ended 30 June 2024 has increased to approximately 8.5%, from approximately 4.9% for the year ended 30 June 2023. The increase in both gross profit and gross profit margin was primarily attributable to the recovery of construction industry from COVID-19, coupled with stable profit margins from newly awarded projects in Singapore. Our net loss after tax was approximately S\$9,000 for the year ended 30 June 2024, as compared to net loss after tax of approximately S\$1.5 million for the year ended 30 June 2023. The significant decrease in net loss after tax for the year ended 30 June 2024 as compared to last year was mainly due to the increase in revenue and gross profit margin for the current year.

OUTLOOK

Based on the recent Building and Construction Authority (“**BCA**”) projection, the construction demand in Singapore is estimated to be in the range between S\$32 billion and S\$38 billion in 2024, with the public sector projects contributing about 55% of the total demand, in the range between S\$18 billion and S\$21 billion. Over the medium-term, BCA projected the total construction demand to reach a range between S\$31 billion and S\$38 billion per year from 2025 to 2028, with the public sector expected to lead the demand, contributing approximately S\$19 billion to S\$23 billion per year from 2025 to 2028. Given the Group’s expertise in the public sector projects, the Board believes that the Group is well positioned to take advantage of the rising construction demand over the coming years.

As at 30 June 2024, we had 37 projects on hand (including contracts in progress) with a notional or estimated contract value of approximately S\$256.7 million, of which approximately S\$73.7 million had been recognised as revenue in prior years, approximately S\$66.3 million had been recognised as revenue during the year ended 30 June 2024 and the remaining balance will be recognised as our revenue in accordance with the stage of completion. Other than the contribution of revenue of approximately S\$66.3 million from our on-going projects, the remaining revenue of S\$3.2 million mainly attributed to projects which have been completed during the year was recognised during the year ended 30 June 2024.

FINANCIAL REVIEW

	For the year ended 30 June		Change
	2024	2023	
	<i>S\$ million</i>	<i>S\$ million</i>	
Revenue	69.5	50.6	37.3%
Gross profit	5.9	2.5	138.3%
Gross profit margin			3.6 percentage
	8.5%	4.9%	points
Loss for the year	-*	(1.5)	-99.4%

* Denote less than S\$(0.1) million

Revenue

The Group's principal operating activities are 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, involving residential, commercial and industrial buildings.

	For the year ended 30 June					
	2024			2023		
	Number of projects with revenue contribution	Revenue <i>S\$ million</i>	% of total revenue	Number of projects with revenue contribution	Revenue <i>S\$ million</i>	% of total revenue
Public sector projects	64	68.7	98.9	63	46.1	91.0
Private sector projects	56	0.8	1.1	24	4.5	9.0
Total	120	69.5	100.0	87	50.6	100.0

The Group's overall revenue increased by approximately S\$18.9 million or approximately 37.3% from approximately S\$50.6 million for the year ended 30 June 2023 to approximately S\$69.5 million for the year ended 30 June 2024. The increase is mainly due to the increase in construction demand in Singapore.

Cost of services

The Group's cost of services increased by approximately S\$15.5 million or approximately 32.2% from approximately S\$48.1 million for the year ended 30 June 2023 to approximately S\$63.6 million for the year ended 30 June 2024. Such increase in cost of services was generally in line with the increase in revenue.

Gross profit and gross profit margin

	For the year ended 30 June					
	2024			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	<i>S\$ million</i>	<i>S\$ million</i>	%	<i>S\$ million</i>	<i>S\$ million</i>	%
Public sector projects	68.7	5.8	8.5	46.1	2.5	5.3
Private sector projects	0.8	0.1	9.5	4.5	–*	0.5
Total	<u>69.5</u>	<u>5.9</u>	<u>8.5</u>	<u>50.6</u>	<u>2.5</u>	<u>4.9</u>

* Denote less than S\$0.1 million

The gross profit of the Group for the year ended 30 June 2024 amounted to approximately S\$5.9 million, representing an increase of approximately 138.3% as compared with approximately S\$2.5 million for the year ended 30 June 2023. The Group's gross profit margin for the year ended 30 June 2024 was approximately 8.5%, which represents an increase of 3.6 percentage points when compared with gross profit margin of approximately 4.9% for the year ended 30 June 2023. The increase in both gross profit and gross profit margin was mainly attributable to the recovery of construction industry from COVID-19, coupled with stable profit margins from newly awarded projects in Singapore.

Other income

Other income mainly included income from (i) interest income from banks, (ii) government grants, (iii) training income and (iv) sales of direct materials. During the year ended 30 June 2024, other income amounted to approximately S\$0.3 million remained stable, and consistent with that of the year ended 30 June 2023 of approximately S\$0.3 million.

Other gains and losses

Other gains and losses included gain on disposal of property, plant and equipment, written off of trade receivables and contract assets and net exchange gain and loss. During the year ended 30 June 2024, other losses amounted to approximately S\$0.7 million (2023: other losses of approximately S\$0.2 million). The increase in other losses was mainly due to the written off of trade receivables and contract assets of approximately S\$1.0 million during the year ended 30 June 2024. The effect was mitigated by the recognition of exchange gain of approximately S\$0.2 million in the year ended 30 June 2024 (2023: exchange loss of approximately S\$0.4 million).

Impairment losses on financial assets and contract assets

There was an allowance of impairment losses of approximately S\$0.8 million during the year ended 30 June 2024 as compared to an allowance of impairment losses of approximately S\$0.7 million during the year ended 30 June 2023. The difference was mainly due to additional allowance being provided for impairment losses on financial assets arising from the expected credit losses assessment.

Administrative expenses

The administrative expenses of the Group for the year ended 30 June 2024 amounted to approximately S\$4.4 million which represents an increase of approximately S\$0.9 million as compared with approximately S\$3.5 million for the year ended 30 June 2023, mainly due to the increase in staff costs and legal and professional fees for the year ended 30 June 2024.

Finance costs

Finance costs for the year ended 30 June 2024 was approximately S\$10,000 as compared to that of the year ended 30 June 2023 of approximately S\$5,000. The increase represented the addition to lease liabilities during the year which gave rise to the increase in finance costs.

Income tax (expense)/credit

The Group's income tax expense was approximately S\$0.3 million for the year ended 30 June 2024, as compared with income tax credit of approximately S\$64,000 for the year ended 30 June 2023. Such change was mainly due to the assessable profit generated in the year ended 30 June 2024 while the Group had no assessable profit in the year ended 30 June 2023.

Loss for the year

Loss for the year ended 30 June 2024 was approximately S\$9,000 as compared to loss of approximately S\$1.5 million for the year ended 30 June 2023. The change was mainly due to the increase in revenue and gross profit margin.

Trade receivables

As at 30 June 2024, the Group had trade receivables of approximately S\$9.6 million, as compared with trade receivables of approximately S\$7.8 million as at 30 June 2023.

An amount of approximately S\$8.6 million (i.e. approximately 89.1%) of the trade receivable as at 30 June 2024 has been settled up to the date of this announcement.

Contract assets

As at 30 June 2024, the Group had contract assets (excluding retention receivables) of approximately S\$24.7 million, as compared with contract assets (excluding retention receivables) of approximately S\$25.0 million, as at 30 June 2023.

An amount of approximately S\$17.6 million (i.e. approximately 71.2%) of contract assets (excluding retention receivables) as at 30 June 2024 has been billed up to the date of this announcement.

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

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: S\$Nil).

Liquidity, financial resources and capital structure

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 5 July 2019 by way of share offer (the “**Share Offer**”) and there has been no change in the 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 S\$, United States Dollars and Hong Kong Dollars (“**HK\$**”), are generally deposited with certain reputable financial institutions.

As at 30 June 2024, the Group had total bank balances and cash of approximately S\$7.1 million, as compared with bank balances and cash of approximately S\$10.2 million as at 30 June 2023. The Group does not have any bank borrowings as at 30 June 2024 and 30 June 2023.

Pledge of assets

As at 30 June 2024, the Group had approximately S\$74,000 (as at 30 June 2023: approximately S\$74,000) pledged 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 S\$ and the Group’s assets and liabilities are primarily denominated in S\$. However, the Group has certain bank balances denominated in HK\$ amounting to approximately S\$5.0 million as at 30 June 2024 which may expose the Group to foreign currency risk. The Group does not expect the risk could materially affect the Group’s results of operations, and therefore no hedging instrument has been employed. The Group manages the risk by closely monitoring the movement of the foreign currency rate and will take appropriate measures to deal with the foreign exchange exposure if necessary.

Gearing ratio

Gearing ratio is calculated by dividing all borrowings by total equity at the year end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2024 was Nil (as at 30 June 2023: 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 2024.

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 2024.

Employees and remuneration policy

As at 30 June 2024, the Group had a total of 197 employees (2023: 207 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 2024 amounted to approximately S\$8.7 million (2023: approximately S\$7.1 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, Mandatory Provident Fund Schemes and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Environmental policies and performance

Details of the Group's environmental policies, performance and compliance with laws and regulations will be set out in the "Environmental, Social and Governance Report" in the 2023/2024 annual report of the Company to be published.

Contingent liabilities

As at 30 June 2024, the Group had performance bonds of approximately S\$1.9 million (2023: approximately S\$2.1 million) given by an insurance company 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 the customers. The performance guarantees will be released upon completion of the contracts.

In July 2024, a subsidiary of the Group received a notice of intention to apply for adjudication from a subcontractor. The subsidiary is the respondent in the adjudication involving a claim of S\$1,077,568 (inclusive of GST) by the subcontractor relating to certain variation order works during the year ended 30 June 2024, which have not been agreed or certified by the subsidiary. The subsidiary intends to contest the claim, and while the final determination of the adjudication is uncertain, it is the opinion of the Directors, based on legal advice, that the subcontractor's claim has little merits and the ultimate liability, if any, will not have a material adverse impact on the Group's financial position.

Capital expenditures and capital commitments

During the year ended 30 June 2024, the Group acquired items of property, plant and equipment of approximately S\$36,000 (2023: approximately S\$30,000).

As at 30 June 2024, 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 (equivalent to approximately S\$16.6 million) (after deducting listing expenses) (the "**Net Proceeds**").

As disclosed in the Company's announcements dated 13 May 2020, 19 September 2022 and 11 September 2024 respectively, the Board resolved to change the use of the then unutilised Net Proceeds and the Company expected that the then unutilised Net Proceeds would be fully utilised by December 2024. Set out below is the status of the utilised and unutilised Net Proceeds as at 30 June 2024:

	Planned use of Net Proceeds as disclosed in the Prospectus S\$ million (approximately)	Revised allocation of the Net Proceeds as disclosed in the announcement dated 13 May 2020 S\$ million (approximately)	Further revised allocation of the Net Proceeds as disclosed in the announcement dated 19 September 2022 S\$ million (approximately)	Utilised Net Proceeds up to 30 June 2023 S\$ million (approximately)	Utilised Net Proceeds up to 30 June 2024 S\$ million (approximately)	Unutilised Net Proceeds up to 30 June 2024 (being proceeds brought forward from the Share Offer) S\$ million (approximately)	Further revised allocation of the unutilised Net Proceeds as disclosed in the announcement dated 11 September 2024 S\$ million (approximately)	Expected date to fully utilise the re-allocated unutilised Net Proceeds
(i) Acquisition of a Singapore-based air-conditioning and mechanical ventilation contractor which is registered under the workhead of ME01 (air-conditioning, refrigeration and ventilation works) with at least "L4" grade	7.1	3.5	-	-	-	-	-	N/A
(ii) Strengthening the Group's manpower by recruiting additional staff	2.5	1.0	1.0	1.0	1.0	-	-	N/A
(iii) Expanding the Group's premises for its various operational needs	1.8	-	-	-	-	-	-	N/A
(iv) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects (<i>existing projects</i>)	1.7	5.2	5.2	5.2	5.2	-	-	N/A
(v) Financing the Group's upfront costs and working capital requirements at the early stage of carrying out its electrical engineering projects (<i>new potential projects</i>)	-	3.0	6.5	6.5	6.5	-	0.6	On or before December 2024
(vi) Financing the acquisition of additional machinery and equipment	1.4	0.7	0.7	0.2	0.2	0.5	-	N/A
(vii) Purchasing a building information modelling software together with certain ancillary supporting hardware device and upgrading the Group's enterprise resource planning system	0.9	0.5	0.5	0.4	0.5	-	-	N/A
(viii) Financing the acquisition of additional lorries	0.3	0.3	0.3	0.2	0.2	0.1	-	N/A
(ix) Reserved as the Group's general working capital	0.9	2.4	2.4	2.4	2.4	-	-	N/A
Total	16.6	16.6	16.6	15.9	16.0	0.6	0.6	

The Net Proceeds were used and are proposed to be used according to the intentions previously disclosed by the Company. As at 30 June 2024, the Net Proceeds of approximately S\$0.6 million were unutilised mainly because the Group was reviewing the uses of the unutilised Net Proceeds to optimise the Group’s cash flow management. Upon the further change in the use of Net Proceeds, the Group expects that such unutilised Net Proceeds will be fully utilised in accordance with the purposes disclosed above on or before 31 December 2024. The Board will continue to closely monitor the situation and evaluate the impact on the timeline to utilise the unutilised Net Proceeds and will keep shareholders and potential investors of the Company informed if there is any material change.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group which have occurred after the year ended 30 June 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the year ended 30 June 2024, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Group. Specific enquiry has been made with all the Directors who were holding office as a Director during the year ended 30 June 2024 and all of them confirmed that they have complied with the Model Code and its code of conduct regarding the Directors’ securities transactions during the year ended 30 June 2024.

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

During the year ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for the year ended 30 June 2024 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee or the auditor of the Company.

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

Hong Kong, 26 September 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ang Jui Khoon and Mr. Ang Kok Kwang (Hong Guoguang); and three independent non-executive Directors, namely Ms. Leung Wing Chi Kylie, Mr. Fok Wai Hung and Mr. So Chi Kai.