KHOON GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 924

2023/24 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) (resigned on 15 March 2024)

Independent Non-Executive Directors

Mr. Yeo Kwang Maccann (resigned on 31 August 2023)
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)
Ms. Leung Wing Chi Kylie
Mr. Fok Wai Hung (appointed on 31 August 2023)
Mr. So Chi Kai (appointed on 19 October 2023)

AUDIT COMMITTEE

Ms. Leung Wing Chi Kylie *(Chairlady)*
Mr. Yeo Kwang Maccann (resigned on 31 August 2023)
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)
Mr. Fok Wai Hung (appointed on 31 August 2023)
Mr. So Chi Kai (appointed on 19 October 2023)

REMUNERATION COMMITTEE

Mr. Yeo Kwang Maccann *(Chairman)* (resigned on 31 August 2023)
Mr. Fok Wai Hung *(Chairman)* (appointed on 31 August 2023)
Ms. Leung Wing Chi Kylie
Mr. Ang Kok Kwang (Hong Guoguang)

NOMINATION COMMITTEE

Mr. Yeo Kwang Maccann (resigned on 31 August 2023)
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)
Mr. Ang Jui Khoon *(Chairman)*
Mr. Ang Yong Kwang (Hong Yongquan) (resigned on 15 March 2024)
Ms. Leung Wing Chi Kylie
Mr. Fok Wai Hung (appointed on 31 August 2023)
Mr. So Chi Kai (appointed on 19 October 2023)

COMPANY SECRETARY

Ms. Fung Mei Ling (resigned on 19 October 2023)
Ms. Fu Yuen Hung (appointed on 19 October 2023)

AUTHORISED REPRESENTATIVES

Ms. Fung Mei Ling (resigned on 19 October 2023)
Mr. Ang Kok Kwang (Hong Guoguang)
Ms. Fu Yuen Hung (appointed on 19 October 2023)

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 812, 8/F, 68 Kimberley Road
Tsim Sha Tsui, Kowloon
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:
MinterEllison LLP
43/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
RHB Bank Berhad
United Overseas Bank Limited

AUDITOR

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

COMPANY'S WEBSITE

www.khoongroup.com

STOCK CODE

924

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of the directors (the "Directors") of Khoon Group Limited (the "Company", together with its subsidiaries, the "Group", "we" or "us"), I am pleased to present our shareholders the annual report of the Group for the year ended 30 June 2024.

The Singapore construction sector recovers gradually from the global pandemic. Despite the challenges ahead, such as labour shortage, supply chain disruptions, workplace safety and rising material costs, the sector is set for a steady growth in the remainder of 2024 and 2025. With our commitment to excellence, safety and sustainability, we continue to play a vital role in the sector.

Our revenue for the year reached a record high in an amount of approximately S$69.5 million, which is a clear proof of our allegiance to timely and high quality services at a reasonable price.

Furthermore, we are always dedicated to work safety, training and provision of abundant tools and facilities for our employees. We believe that our employees are our most valuable assets and their well-being is of utmost importance to us.

The Building and Construction Authority in Singapore is projecting construction demand to reach a range from S$32 billion to S$38 billion in 2024. Public-sector projects are expected to make up the bulk of the construction demand, representing approximately 55% of the projects, reaching a range from S$18 billion to S$21 billion. This is supported by a continued strong pipeline of public housing projects amid Housing and Development Board's ramping up of Build-To-Order (BTO) flats supply, a niche segment which the Group is traditionally strong in. We are well-positioned to capitalise on the opportunities in the dynamic Singapore construction industry. I am confident that we will continue to deliver value and sustainable growth.

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

Ang Jui Khoon
Chairman and Executive Director

Singapore, 26 September 2024

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 also 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.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks relating to the Group's operations which could adversely affect the Group's business, operating results and financial condition. Some of the relatively material risks relating to the Group are summarised as follows:

(i) the Group's revenue relies on the Group's contracts being awarded through tendering or quotation processes which are not recurrent in nature. There is no guarantee on the Group's continual success in project tenders or quotation and the Group's sustainability and financial performance may be materially and adversely affected;

(ii) any significant cost overruns may materially and adversely affect the Group's business operation and financial performance;

(iii) unsatisfactory performance and/or unavailability of the Group's suppliers (including subcontractors) may adversely affect the Group's operations and profitability; and

(iv) potential mismatch in time between receipt of progress payments from the Group's customers and payments to the Group's suppliers may adversely affect the Group's cash flows.

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		
	2024	2023	
	S$ million	S$ million	Change
Revenue	**69.5**	50.6	37.3%
Gross profit	**5.9**	2.5	138.3%
Gross profit margin	**8.5%**	4.9%	3.6 percentage 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 S$ million**	**% of total revenue**	Number of projects with revenue contribution	Revenue S$ million	% 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 S$ million	**Gross profit S$ million**	**Gross profit margin %**	Revenue S$ million	Gross profit S$ million	Gross profit margin %
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	**69.5**	**5.9**	**8.5**	50.6	2.5	4.9

* 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 report.

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 report.

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 ("MPF") 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 this annual report.

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 Goods and Services Tax) 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

		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
(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 ***(existing projects)***	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 ***(new potential projects)***	–	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.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

As at the latest practicable date prior to the publication of this annual report:

DIRECTORS

Executive Directors

Mr. Ang Jui Khoon ("Mr. JK Ang"), aged 73, was appointed as the Director on 24 July 2018; and 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") and TOP STRIDE INVESTMENT LIMITED ("Top Stride"), subsidiaries 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 the 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 50 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 with 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 with 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 49, was appointed as the Director on 24 July 2018; and re-designated as the executive Director and appointed as the chief executive officer of the Company on 31 August 2018. 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 the 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 25 years of relevant experience in the electrical engineering industry. Since January 1999, he has been a director of Khoon Engineering. He is a director of Top Stride, 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 October 2023 and will expire in August 2025.

In recognition of his contributions to the community, Mr. KK Ang was awarded with the Public Service Medal (Pingat Bakti Masyarakat — PBM) by the President of Singapore in 2022.

Independent Non-Executive Directors

Ms. Leung Wing Chi Kylie ("Ms. Leung"), aged 42, was appointed as the independent non-executive Director on 11 May 2021. She is primarily responsible for providing independent judgement to the Board. 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.

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 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. Fok Wai Hung ("Mr. Fok"), aged 47, was appointed as the independent non-executive Director on 31 August 2023. He is primarily responsible for providing independent judgement to the Board. His appointment as the chairman of the remuneration committee of the Company and a member of each of the audit committee and the nomination committee of the Company took effect on 31 August 2023.

Mr. Fok has over 15 years of experience in auditing, accounting, and financial management. Mr. Fok was appointed as the company secretary of Ocean Star Technology Group Limited (formerly known as My Heart Bodibra Group Limited) (Stock Code: 8297) ("Ocean Star"), the shares of which are listed on GEM of the Stock Exchange, from May 2016 to June 2018, as compliance officer of Ocean Star from December 2017 to February 2018, as an executive director, a member of each of the nomination committee and the remuneration committee of Ocean Star from December 2017 to December 2018, as financial controller of Ocean Star from January 2017 to August 2023.

He obtained a bachelor's degree of commerce from the Hong Kong Shue Yan University in 2009. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He is also a fellow member of Taxation Institute of Hong Kong.

Mr. Fok has obtained advice on, among others, all applicable requirements and procedures for completing and executing Form B (Declaration and Undertaking with regard to Directors), and the possible consequences of making any false declaration or giving false information on 4 September 2023.

Mr. So Chi Kai ("Mr. So"), aged 41, was appointed as the independent non-executive Director on 19 October 2023. He is primarily responsible for providing independent judgement to the Board. His appointment as a member of each of the audit committee and the nomination committee of the Company took effect on 19 October 2023.

Mr. So has worked in an international audit firm and various public and private companies in Hong Kong. Mr. So has more than 16 years of extensive professional and senior managerial experience in financial reporting, financial management and company secretarial matters.

Mr. So obtained a degree of bachelor of arts (honors) in accountancy from the Hong Kong Polytechnic University in 2007. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales.

Mr. So has obtained advice on, among others, all applicable requirements and procedures for completing and executing Form B (Declaration and Undertaking with regard to Directors), and the possible consequences of making any false declaration or giving false information on 20 October 2023.

SENIOR MANAGEMENT

Mr. Ang Yong Kwang (Hong Yongquan) ("Mr. YK Ang"), aged 40, is the general manager of Khoon Engineering. He is responsible for the day-to-day operations, overall project management and administrative matters of the Group. Mr. YK Ang is the son of Mr. JK Ang and the younger brother of Mr. KK Ang.

Mr. YK Ang has over 14 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 since July 2016. He was appointed as the Director on 24 July 2018; re-designated as the executive Director on 31 August 2018; and he resigned as the executive Director on 15 March 2024.

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 2024 and will expire in December 2024.

Mr. Chow Kin Wing ("Mr. Chow"), aged 43, is the chief financial officer of the Company and is responsible for overall accounting and financial matters of the Group.

Mr. Chow has more than 16 years of experience in financial management, auditing and accounting in international accounting firms and listed companies in Hong Kong.

Mr. Chow holds a bachelor's degree in accounting and finance of the Queensland University of Technology in Australia. He is a member of Hong Kong Institute of Certified Public Accountants, a member of Institute of Chartered Accountants in England and Wales and a member of Chartered Accountants Australia. In addition, Mr. Chow is a chartered secretary, a chartered governance professional and an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholder(s)") and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as its own code on corporate governance practices.

During the year ended 30 June 2024, the Company had complied with the code provisions set out in the CG Code.

CORPORATE CULTURE AND VALUES

The Group is committed to ensuring sustainable business growth, enhancing our Shareholders' return on investment, fulfilling our social responsibility and bringing long-term benefit for our stakeholders and society. To achieve our commitment and mission, it is imperative that the Group acts and conducts its affairs with high standards of probity, transparency and accountability.

The Group cultivates and fosters a corporate culture of integrity, growth, care and collaboration across all levels and in all aspects of operations, as befits the Company's core values with a view to maintaining rigorous standards of ethics and governance. We promote the value of sincere operations and teamwork spirit. We strive to deliver high-quality products and services to our clients. We value a passion for excellence and dedication to innovation and collaboration by encouraging creative thinking and sharing of new ideas in the workplace. We support and create a harmonious and sage working environment for our employees.

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 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.

BOARD OF DIRECTORS

The Company is governed by the board of directors of the Company (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 2024, the Board reviewed the effectiveness of the risk management and internal controls systems of the Group, as well as the Group's policies and practices on corporate governance, reviewed and monitored the training and continuous professional development of Directors and senior management, the Group's policies and practices on compliance with legal and regulatory requirements, the Employee Staff Handbook and Manual, and reviewed the Group's compliance with the CG Code and disclosure in this Corporate Governance Report. The Company arranged appropriate insurance cover in respect of potential legal action against the Directors.

BOARD COMPOSITION

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

As at the latest practicable date prior to the publication of this annual report, the Board comprises two executive Directors, namely Mr. Ang Jui Khoon (Chairman) and Mr. Ang Kok Kwang (Hong Guoguang) (chief executive officer (the "CEO")) and three independent non-executive Directors (the "INED"), namely Ms. Leung Wing Chi Kylie, Mr. Fok Wai Hung and Mr. So Chi Kai. Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang), former INEDs, resigned on 31 August 2023 and 19 October 2023, respectively. Mr. Ang Yong Kwang (Hong Yongquan), former executive Director, resigned on 15 March 2024.

Mr. Fok Wai Hung and Mr. So Chi Kai were appointed as INEDs on 31 August 2023 and 19 October 2023, respectively, and have obtained advice on, among others, all applicable requirements and procedures for completing and executing Form B (Declaration and Undertaking with regard to Directors), and the possible consequences of making any false declaration or giving false information on 4 September 2023 and 20 October 2023, respectively.

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, Board committees and general meetings of the Company for the year ended 30 June 2024 are as follows:

	Number of meetings attended/Number of meetings held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Director					
Mr. Ang Jui Khoon *(Chairman)*	3/4	N/A	N/A	3/3	1/1
Mr. Ang Kok Kwang (Hong Guoguang) *(CEO)*	4/4	N/A	3/3	N/A	0/1
Mr. Ang Yong Kwang (Hong Yongquan) (resigned on 15 March 2024)	3/3	N/A	N/A	3/3	1/1
Independent Non-Executive Director					
Ms. Leung Wing Chi Kylie	4/4	2/2	3/3	3/3	1/1
Mr. Yeo Kwang Maccann (resigned on 31 August 2023)	0/0	0/0	1/1	1/1	0/0
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)	1/1	1/1	N/A	2/2	0/0
Mr. Fok Wai Hung (appointed on 31 August 2023)	4/4	2/2	2/2	2/2	1/1
Mr. So Chi Kai (appointed on 19 October 2023)	3/3	1/1	N/A	0/0	1/1

The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

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 received an annual confirmation of independence with regards to Rule 3.13 of the Listing Rules from each of the INEDs and considers that their independence is in compliance with the Listing Rules.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the records provided by the Directors, the Directors declared that they had participated in continuous professional development activities during the year ended 30 June 2024 as below:

Directors	Reading and/or training
Executive Director	
Mr. Ang Jui Khoon *(Chairman)*	✓
Mr. Ang Kok Kwang (Hong Guoguang) *(CEO)*	✓
Mr. Ang Yong Kwang (Hong Yongquan) (resigned on 15 March 2024)	✓
Independent Non-Executive Director	
Ms. Leung Wing Chi Kylie	✓
Mr. Yeo Kwang Maccann (resigned on 31 August 2023)	✓
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)	✓
Mr. Fok Wai Hung (appointed on 31 August 2023)	✓
Mr. So Chi Kai (appointed on 19 October 2023)	✓

APPOINTMENT AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Under the code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The term of appointment pursuant to the letter of appointment of Mr. So Chi Kai (appointed on 19 October 2023) is for a period of three years till October 2026 and thereafter shall continue year to year. The term of appointment pursuant to the letter of appointment of Mr. Fok Wai Hung is for a period of three years commencing from 31 August 2023 which is the appointment date as the INED, and thereafter shall continue year to year. 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 from 11 May 2021 and thereafter shall continue year to year. The non-executive Directors are subject to the requirement that one- third of all the Directors shall retire from office by rotation at least once every three years at each annual general meeting pursuant to the second amended and restated articles of association of the Company (the "Articles of Association").

MECHANISMS TO ENSURE INDEPENDENT VIEWS OF DIRECTORS

The Board has established mechanisms to ensure independent views and input are available to the Board and such mechanisms should be reviewed annually by the Board. During the year ended 30 June 2024, the Board reviewed the implementation and effectiveness of such mechanisms and made the following observations:

(a) A board meeting was held annually between the Chairman and all the INEDs to encourage INEDs to voice their concerns and views and to make positive contributions to the development of the Company's strategy and policies through expressing their independent, constructive and informed comments;

(b) Half members of the Board are INEDs, satisfying the requirement of the Listing Rules that at least one-third of the Board are INEDs;

(c) The nomination committee of the Company assessed the independence of all the INEDs on an annual basis;

(d) All INEDs are required to submit a written confirmation to the Company annually to confirm their independence;

(e) Each INED is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence; and

(f) All Directors are reminded at the meetings of the Board and the Board committees to declare and disclose any material interest in contracts, transactions or arrangements and shall abstain from voting and not be counted in the quorum on any resolution of the Board and the Board committees in respect of approving the same in which they have a material interest.

BOARD COMMITTEES

The Board established three committees, namely, an audit committee (the "Audit Committee"), a remuneration committee (the "Remuneration Committee") and a nomination committee (the "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 are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

All members of the Audit Committee and the majority of the members of the Remuneration Committee and the Nomination Committee are INEDs.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. Up to the latest practicable date prior to the publication of this annual report, the Audit Committee comprises three INEDs, namely Ms. Leung Wing Chi Kylie, Mr. Fok Wai Hung and Mr. So Chi Kai. The Audit Committee is chaired by Ms. Leung Wing Chi Kylie.

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

During the year ended 30 June 2024, two meetings of the Audit Committee were held to review the accounting principles and practices adopted by the Group with the management and the Company's auditor, to discuss auditing, risk management, internal control and financial reporting matters including the audited financial statements and unaudited interim financial statements, to review the compliance with the CG Code and the disclosure in the corporate governance report, to review and approve the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the Audit Committee and to review the terms of reference of the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code. Up to the latest practicable date prior to the publication of this annual report, the Remuneration Committee comprises one executive Director, namely Mr. Ang Kok Kwang (Hong Guoguang), and two INEDs, namely Mr. Fok Wai Hung and Ms. Leung Wing Chi Kylie. The Remuneration Committee is chaired by Mr. Fok Wai Hung.

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

During the year ended 30 June 2024, three meetings of the Remuneration Committee were held to make recommendations to the Board on remuneration of the proposed director candidates, to review the Group's remuneration policy and structure, to review the performance and the remuneration packages of the Directors of the Company and senior management of the Group, to review and approve the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the Remuneration Committee, and to review the terms of reference of the Remuneration Committee.

The remuneration of the members of the senior management of the Group other than the Directors by bands for the year ended 30 June 2024 is set out below:

	Number of individual(s)
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1

Details of employee benefits expense and benefits and interests of Directors for the year ended 30 June 2024 are disclosed in Notes 12 and 13 to the consolidated financial statements.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. Up to the latest practicable date prior to the publication of this annual report, the Nomination Committee comprises one executive Director, namely Mr. Ang Jui Khoon, and three INEDs, namely Ms. Leung Wing Chi Kylie, Mr. Fok Wai Hung and Mr. So Chi Kai. The Nomination Committee is chaired by Mr. Ang Jui Khoon.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board; consider 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; identify qualified individuals to become members of the Board; assess the independence of INEDs; develop and review the policy for the nomination of Directors; and make recommendations to the Board on the appointment or re-appointment of Directors.

The Company had adopted a nomination policy which aims at assisting the Nomination Committee in making recommendations to the Board on the appointment and re-appointment of the 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 (a) reputation for integrity; (b) accomplishment, experience and reputation in the relevant industry and other relevant sectors; (c) commitment in respect of sufficient time, interest and attention to the Company's business; (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge; (e) the ability to assist and support management and make significant contributions to the Company's success; (f) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an INED; and (g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The secretary of the Nomination Committee shall invite nominations of candidates from the 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 recommendations, for the proposed candidates to stand for re-election at a general meeting of the Company.

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 and his employment with the Company will continue unless and until terminated in accordance with the service contract or by either party giving to the other not less than three months' notice in writing.

Ms. Leung Wing Chi Kylie, the INED, entered into a letter of appointment for her appointment with the Company for an initial fixed term of one year commencing from May 2021 and thereafter shall continue year to year. The term of appointment pursuant to the letter of appointment of Mr. Fok Wai Hung is for a period of three years commencing from 31 August 2023 which is the appointment date as the INED, and thereafter shall continue year to year. The term of appointment pursuant to the letter of appointment of Mr. So Chi Kai is for a period of three years commencing from 19 October 2023 which is the appointment date as the INED, 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 of the Company 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 annual general meeting of the Company after his appointment and shall be eligible for re-election at such annual general meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such annual general meeting. Any Director appointed under Article 112 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 of the Company.

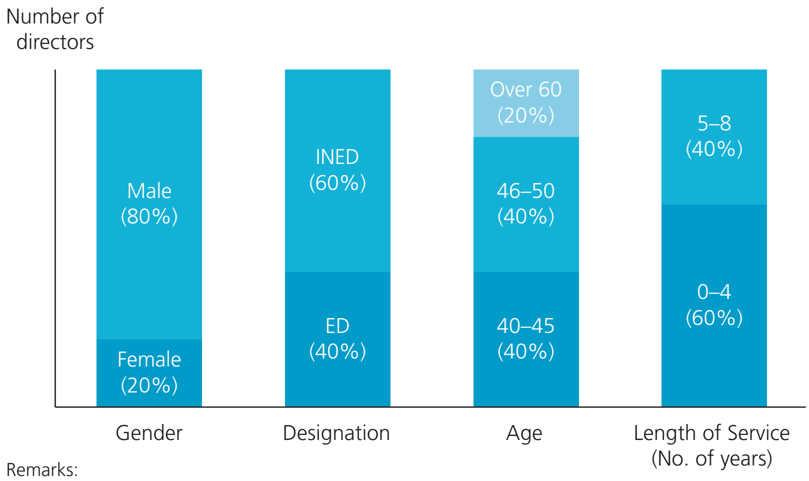
During the year ended 30 June 2024, three meetings of the Nomination Committee were held to make recommendations to the Board on nominations of candidates as Directors, to review the structure, size and composition of the Board, to assess the independence of the INEDs, to recommend to the Board for the Directors to stand for re-election at the annual general meeting of the Company, to review and approve the relevant disclosure statements in the results announcements, the reports and the circular of the Company in relation to the Nomination Committee, and to review the terms of reference of the Nomination Committee.

BOARD DIVERSITY POLICY AND WORKFORCE

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 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.

During the year ended 30 June 2024, the Board reviewed the implementation and effectiveness of the Policy. An analysis of the Board's composition up to the latest practicable date prior to the publication of this annual report is set out in the following chart:



Remarks:

ED — Executive Director
INED — Independent Non-executive Director

The Board currently comprises one female Director and four male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.

During the year ended 30 June 2024, save for the nature of M&E engineering industry, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 30 June 2024, the Group had 197 full-time employees in total, comprising of 173 males and 24 females (that is, a male to female ratio of approximately 88:12). The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will endeavour to achieve gender diversity across the workforce.

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

The statement of the current auditor of the Company, RSM Hong Kong, which was engaged with effect from 12 June 2023 about their reporting responsibilities on the Group's financial statements for the year ended 30 June 2024, is set out in the section "Independent Auditor's Report" of this annual report. During the year ended 30 June 2024, remuneration paid and payable to the current auditor of the Group in respect of the year ended 30 June 2024 is approximately S$166,000 for audit services 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 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 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, ensure 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 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.

Inside Information Policy

The Company has adopted an inside information policy which aims to set out guidelines to the Directors and employees of the Group to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The Company shall take reasonable precautions for preserving the confidentiality of inside information before the publication. The Directors and senior management of the Company must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company.

Anti-Corruption Policy

The Company adopted anti-corruption policy for the Group committing to running its business operations on a foundation of integrity, transparency and honesty. The Group will devise and improve its processes continuously to prevent direct or indirect bribery, in order to safeguard and uphold its values. The Company adopted a zero- tolerance policy towards any forms of corruption and bribery in its business. The Group's entire staff have to observe the anti-bribery and anti-corruption legislations and regulations in the countries where the Group has business activities in and undertake itself not to engage in any corrupted or improper practices.

Whistle-Blowing Policy

The Company adopted whistle-blowing policy (the "Whistle-Blowing Policy") for the Group in order to encourage employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. The Whistle-Blowing Policy is designed to support the Group's values, ensure employees can raise concerns without fear of reprisals and provide a transparent and confidential process for dealing with concerns.

During the year ended 30 June 2024, 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.

Although the Company does not have internal audit function due to relatively simple corporate structure, size and complexity, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Group reviews the need for internal audit function annually, and has engaged an external consultant, Greenwood Advisory Services Limited, to conduct a review of the effectiveness of the Group's risk management and internal control systems for the year ended 30 June 2024. The risk management and internal control review report was submitted to the Audit Committee and the Board for review. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified. The Audit Committee 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

Ms. Fu Yuen Hung was appointed as the company secretary of the Company (the "Company Secretary") on 19 October 2023. She has confirmed that she has undertaken no less than 15 hours of relevant professional training during the year ended 30 June 2024 in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. An extraordinary general meeting of the Company shall also be convened on the requisition of one or more Shareholders holding, on the date of deposit of the requisition, not less than 10% of the voting rights (on a one vote per share of the Company basis) in the issued share capital of the Company. Such Shareholder(s) shall also be entitled to add resolutions to the agenda for the extraordinary general meeting of the Company concerned. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting of the Company 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.

Putting forward proposals at general meetings

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 requisitionist(s) 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 of the Company, the Shareholders are requested to follow procedures specified in 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 lodgement of the notices required under the Articles of Association will commence no earlier than the day after the publication 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 of the Company 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.

Procedures for putting forward enquires to the Board

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 812, 8/F, 68 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

INVESTOR RELATIONS

The objective of the shareholders communication policy (the "Shareholders Communication Policy")adopted by the Company 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 its corporate communications and other corporate publications on the Company website and the Stock Exchange website. All press releases, newsletters and etc. issued by the Group will be made available on the Company website (www.khoongroup.com) which provides an effective communication platform to the public and the Shareholders. The Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The Board members, in particular, either the chairmen of the Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer the Shareholders' questions.

Upon reviewing the implementation and effectiveness of the Shareholders Communication Policy during the year ended 30 June 2024, the Board considers that the Shareholders Communication Policy and its implementation are effective as the Shareholders Communication Policy provides effective channels for the Shareholders to communicate their views with the Company and the Company complied with the principles and required practices as set out in the Shareholders Communication Policy during the year ended 30 June 2024.

An annual general meeting of the Company for the financial year ended 30 June 2024 will be held on Wednesday, 11 December 2024. The notice of such annual general meeting, setting out details of the proposed resolutions, voting procedures and other relevant information, will be made available on the websites of the Company and the Stock Exchange with at least 21 days' notice.

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 2024 ("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 of the Company (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 27 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 30 June 2024.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 30 June 2024 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 2024, 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 2024, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 June 2024 are set out in Note 16 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 30 June 2024 are set out in Note 27 to the Financial Statements.

KEY RISKS AND UNCERTAINTIES

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

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 24 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 June 2024 are set out in the "Consolidated Statement of Changes in Equity" on page 59 of this annual report. As at 30 June 2024, the Group has reserves amounting to approximately S$14.2 million available for distribution (2023: approximately S$14.2 million).

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 June 2024, the Company's reserves available for distribution to the Shareholders are approximately S$31.7 million (2023: S$31.7 million) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

DIRECTORS

The Directors during the financial year and up to the date of this annual report are:

Executive Directors:
Mr. Ang Jui Khoon *(Chairman)*
Mr. Ang Kok Kwang (Hong Guoguang) *(Chief Executive Officer)*
Mr. Ang Yong Kwang (Hong Yongquan) (resigned on 15 March 2024)

Independent Non-Executive Directors:
Ms. Leung Wing Chi Kylie
Mr. Hon Chin Kheong (Han Zhenqiang) (resigned on 19 October 2023)
Mr. Fok Wai Hung (appointed on 31 August 2023)
Mr. Yeo Kwang Maccann (resigned on 31 August 2023)
Mr. So Chi Kai (appointed on 19 October 2023)

In accordance with Articles 108 (a)-(b) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company received annual confirmation of independence from each of the INEDs. The Company considered all INEDs to be independent. Biographical information of the Directors and the senior management of the Group are set out on pages 12 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Mr. Ang Jui Khoon and Mr. Ang Kok Kwang (Hong Guoguang), entered into a service contract with the Company for an initial term of three years commencing from 5 July 2019 and his employment with the Company will continue unless terminated by not less than three months' written notice served by either party on the other.

Ms. Leung Wing Chi Kylie, being the INED, 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.

Mr. Fok Wai Hung (appointed on 31 August 2023), being the INED, entered into a letter of appointment with the Company for an initial fixed term of three years commencing from 31 August 2023 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.

Mr. So Chi Kai (appointed on 19 October 2023), being the INED, entered into a letter of appointment with the Company for an initial fixed term of three years commencing from 19 October 2023 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 2024.

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

As at 30 June 2024, none of the Directors or chief executives 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 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 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 as set out in Appendix C3 of the Listing Rules.

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

As at 30 June 2024, the following persons (other than the Directors or chief executives of the Company) 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
Southern Heritage Limited ("Southern Heritage") (Note)	Beneficial owner	550,000,000	55.00%
Mr. Chen Zhi (Note)	Interest in controlled corporation	550,000,000	55.00%

Note: Southern Heritage holds directly the Shares. Southern Heritage is legally and beneficially wholly-owned by Mr. Chen Zhi. Accordingly, by virtue of the SFO, Mr. Chen Zhi is deemed to be interested in the 550,000,000 Shares held by Southern Heritage.

Save as disclosed above, as at 30 June 2024, 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 OR SALE OF TREASURY SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities or sold any of its treasury shares during the year ended 30 June 2024.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 30 June 2024 was the Company or any of its subsidiaries 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 any body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the contracts relating to the Reorganisation of the Group in relation to the listing and save for the related party transactions disclosed in Note 26 to the Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or its holding company was a party, and in which a Director or an entity connected with a Director is or was materially interested, directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2024.

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 2024.

CONNECTED/RELATED PARTY TRANSACTIONS

During the year ended 30 June 2024, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. Details of the significant related party transactions undertaken in the normal course of business are set out in the Note 26 to the Financial Statements, and such related party transactions do not fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors has 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 2024.

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. 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 2024.

The following is a summary of the terms of the Share Option Scheme:

(a) Purpose

The purpose of the Share Option Scheme is to provide incentives or rewards to scheme participants 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.

(b) Participants

As per existing terms of the Share Option Scheme, participants of the scheme may be any employee, non-executive director, supplier, customer and shareholders of any member of the Group or any invested entity, any person or entity that provides research, development or other technological support, adviser or consultant to the Group or any invested entity, and any other participants who have contributed or may contribute to the development and growth of the Group.

(c) Total number of shares available for issue

(i) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 100,000,000 Shares, representing 10% of the Shares in issue as at the listing date.

(ii) Notwithstanding the foregoing, the Company must not grant any options if the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company, would exceed 30% of the Shares in issue from time to time.

(iii) As at the date of this annual report, 100,000,000 Shares were available for issue under the Share Option Scheme, representing approximately 10% of the total issued share capital of the Company as at that date.

(d) Maximum entitlement of each participant

No participant shall be granted option(s) which if exercised in full would result in the total number of Shares already issued and issuable under all the options granted to him in any 12-month period exceeding 1% of the total number of Shares in issue.

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.

(e) Option period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board absolutely, provided that such period shall not be more than ten years from the date upon which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

(f) Vesting period of the options granted

The Board may, at its discretion, determine the minimum period for which the option has to be held before the option can be exercised.

(g) Consideration on acceptance of the option

Upon acceptance of an offer for grant of option(s), the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

(h) Basis of determining the exercise price of option granted

The subscription price for the Shares subject to any particular option(s) shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option(s) 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 quotation 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.

(i) Remaining life of the Share Option Scheme

The Share Option Scheme will be valid and effective for a period commencing on 10 June 2019 and ending on the tenth anniversary of such date, and will expire on 10 June 2029.

Further details of the Share Option Scheme are set out in Note 30 to the Financial Statements.

100,000,000 options were available for grant under the scheme mandate limit at the beginning and the end of the reporting period.

EQUITY-LINKED AGREEMENTS

Except for the Share Option Scheme disclosed above, no equity-linked agreement was entered into during the year ended 30 June 2024.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2024, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 7.6% and 29.1% (2023: approximately 9.2% and 29.8%) 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 13.6% and 52.9% (2023: approximately 18.6% and 66.1%) respectively of the Group's total revenue for the year ended 30 June 2024. 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 two to twelve 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. The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 30 June 2024.

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 2024 and 30 June 2023 are set out in Notes 13 and 12, respectively 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 latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient minimum public float under the Listing Rules for the year ended 30 June 2024 and 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 adopted a dividend policy which sets forth the Company's approach when considering the payment of dividends and to allow the 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 Act of the Cayman Islands and any other applicable laws, rules and regulations and the Articles of Association. 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 2024. The Board did not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: 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 15 to 27 in this annual report.

AUDIT COMMITTEE

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

AUDITOR

Deloitte & Touche LLP resigned as auditor of the Company on 12 June 2023. RSM Hong Kong was appointed as auditor of the Company on 12 June 2023. For details, please refer to the announcement of the Company dated 12 June 2023. Save as disclosed above, there was no change in auditor during the past three years.

The Financial Statements have been audited by RSM Hong Kong, who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

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 report.

On behalf of the Board

Ang Jui Khoon
Chairman and Executive Director

Singapore, 26 September 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

Khoon Group Limited and its subsidiaries (together, the "Group" or "we") are pleased to present our Environmental, Social and Governance ("ESG") Report (the "ESG Report"). The ESG report concerns environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable to stakeholders. Additional information in relation to the Group's corporate governance and financial performance can be referred to in our annual report for the year ended 30 June 2024.

The Group supervises all aspects of the key responsibility to formulate policies and strategies in relation to sustainable development and reporting. Under the leadership of the Board of Directors (the "Board"), the Group has established an ESG Working Group, which is led by senior management and comprises various core department heads. In line with our ESG policy, the ESG Working Group ensures the allocation of resources and effective implementation of ESG practices in our daily operation. The ESG Working Group regularly evaluates the sustainability performance, monitors the change of ESG requirement in the industry and make recommendation to the Board.

1.1. Scope and Reporting Boundary

The scope of the ESG Report covers the Group's electrical engineering business, which mainly comprises (i) customisation and/or installation of electrical systems; (ii) assistance in obtaining statutory approvals; and (iii) testing and commissioning. This ESG report covers the whole of our operations. This report presents the ESG performance of the Group over the period from 1 July 2023 to 30 June 2024 (the "Reporting Period" or "FY2023/2024"). Part of the content may look back upon the performance of the Group in past years with a view to presenting the report in a more informative and comparable manner.

1.2. Reporting Guidelines

The "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") which is set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "HKEX") serves as the reporting guidelines of this ESG report.

1.3. Reporting Principles

In the preparation of the ESG Report, we follow the four core reporting principles which are "materiality", "quantitative", "balance" and "consistency". With respect to "materiality", we ensure that ESG issues discussed in this ESG report are most significant to the business and its stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. With respect to "quantitative", the key performance indicators (the "KPIs") required by the ESG Reporting Guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously. To maintain the "balance", we have endeavoured to disclose information that can present the unbiased view of the Group's overall ESG performance. All KPIs presented in the ESG Report was prepared using "consistent" reporting standard, data collection and methodologies.

1.4. Stakeholders Engagement

The Group is dedicated to being a responsible enterprise, committed to enhancing its operations and contributing to the local community. To identify the sustainability issues most relevant to our business we actively share information with stakeholders through our transparent platform while we are devoted to continuously striving to improve our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions.

The Group is dedicated to fostering sustainable growth that benefits all our stakeholders. We have set up multiple communication channels to gather feedback and opinions from stakeholders and address their needs. The key stakeholders and our communication strategies are outlined in the table below.

Stakeholder Groups	Specific Stakeholders	Communication Channels	Concerns
Investors	• Shareholders	• Corporate website • Annual and interim financial reports • Announcements and disclosures of the Stock Exchange and the Company • General meetings of the shareholders	• Return on investments • Financial performance • Corporate strategy and governance
Employees	• Senior management • Employees • Potential recruiters	• Training and seminars • Direct communication • Independent focus groups and interviews • Internal email • Staff activities	• Remuneration and benefits • Development and training • Occupational health and safety ("OHS")
Customers	• Government department • Main contractors • End users	• Meetings with contractors and customers • Designated customer hotline	• Quality of services and products • Environmental and safety compliance of the Group • Personal data and privacy protection
Suppliers	• Suppliers • Contractors	• Supplier evaluation • Daily work review • Site inspection and meeting with contractors • Regular email or telephone communication	• Effective project management on OHS • Ethical business practices
Government	• Government • Regulatory authorities	• Regular industry conferences • Written and email communications	• Compliance with aspects including environmental and OHS

1.5. Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of the ESG Report is divided into two subject areas: (i) "environmental", and (ii) "social".

2. ENVIRONMENTAL

The Group is dedicated to safeguarding the environment by adopting sustainable practices and policies that reduce our ecological footprint. Although emissions, energy consumption, and waste are unavoidable in the construction industry, we strive to balance economic growth with environmental stewardship. For years, we have implemented measures like pollution prevention and energy conservation in our daily operations. Our policies and actions are regularly reviewed to ensure we minimise our environmental impact.

2.1. Emissions

Emissions in our activities mainly comprise air pollutants, greenhouse gases ("GHGs"), discharges into water and soil, and disposal of inert and non-inert construction waste while carrying out projects.

Air pollutants and GHGs are generated through our use of vehicles, electricity, and water. The Group does not generate any hazardous waste in our activities. Wastage of materials is the only non-hazardous waste produced in the electrical engineering business. Those non-hazardous wastes are handled by main contractors on site. Given that no significant non-hazardous waste was generated during the Group's operations for the time being, relevant data will not be disclosed for the Reporting Period. In the future, the Group will continue to review the materiality of the non-hazardous waste generated and will make relevant disclosures as appropriate. Although the generation of emissions is inherent in the nature of the industry, the Group always seeks to promote the environmental awareness of our employees.

The day-to-day operational practices have been properly implemented throughout our construction process by setting relevant procedures, formulating guidelines, and providing staff trainings to ensure all employees abide by relevant laws and regulations during our operations.

The main applicable law in Singapore is the Environmental Protection and Management Act, which includes Air Pollution Control, Water Pollution Control, Land Pollution Control, Hazardous Substances Control, Noise Control, Environmental Pollution Control, and other regulations promulgated by the Government and currently applicable to the Group, as well as the environment requirements of our customers.

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

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 emission data to disclose in this ESG report. However, nitrogen oxides, sulphur oxides, and respiratory suspended particles ("RSP", also known as particulate matter ("PM")) may be generated in our use of vehicles.

Air pollutants from vehicle use

	Unit	2024	2023
Nitrogen oxides	gram	**262,182.41**	274,906.09
Sulphur oxides	gram	**278.65**	690.34
Respiratory suspended particles	gram	**13,802.89**	16,164.81

Note: The estimation was based on the methodologies contained in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX.

Apart from air pollutants, the Group understands emissions of GHGs pose a significant threat to the earth. During the Reporting Period, the GHGs were generated primarily from the use of vehicles, purchased electricity, and water.

GHG emission — Scope 1 (Direct emissions)

	Unit	2024	2023
Carbon dioxide	Tonne (CO_2 equivalent)	**38.58**	111.30
Methane	Tonne (CO_2 equivalent)	**0.04**	0.22
Nitrous oxide	Tonne (CO_2 equivalent)	**3.36**	12.12
Subtotal	Tonne (CO_2 equivalent)	**41.98**	123.64
Intensity	Tonne (CO_2 equivalent)/ Revenue (in S$ million)	**0.60**	2.44

Note: The estimation was based on the methodologies contained in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX.

GHG emission — Scope 2 (Indirect emission from purchased electricity)

	Unit	2024	2023
Indirect GHG emission	Tonne (CO_2 equivalent)	**16.54**	15.33
Intensity	Tonne (CO_2 equivalent)/ Revenue (in S$ million)	**0.24**	0.30

Note: The estimation was based on the methodologies contained in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX.

The Group aims to reduce emission in the long run. To achieve this target, we are exploring several options, including the adoption of electric vehicles (EVs) and promoting awareness about the efficient use of vehicles in our daily operations.

In our electrical engineering services projects, we anticipate generating minimal amounts of construction and demolition material. Our primary activities, such as the installation of electrical systems, typically produce negligible waste. Any waste generated at our project sites is managed by the main contractors of the construction projects we are involved in. This collaborative approach ensures that waste is handled efficiently and in compliance with environmental regulations.

Given the nature of our business, no hazardous waste is generated from our operations. The only non-hazardous waste produced is related to material wastage in our electrical engineering activities. This waste is managed on-site by the main contractors, ensuring that it is disposed of responsibly. As a result, the related KPIs for hazardous waste are not applicable to the Group. However, we remain vigilant and continuously review our waste management practices to ensure they align with our sustainability goals.

Looking ahead, the Group is dedicated to further enhancing our environmental performance. We will continue to review and refine our waste management strategies, ensuring that any non-hazardous waste generated is minimised and handled appropriately. We are also committed to regularly assessing the materiality of our waste generation and making relevant disclosures as necessary. By fostering a culture of environmental awareness among our employees and stakeholders, we aim to achieve a sustainable balance between our operational needs and environmental protection.

2.2. Uses of Resources

The Group's major resources consumption include fuel, electricity, and water. The Group aims to enhance energy efficiency, water efficiency and promote a low-carbon lifestyle in the workplace. The Group has adopted the Reduce, Replace and Reuse approach. To achieve the target, the following measures are taken by us:

- Complying with all legal requirements and contractual obligations relevant to the environmental aspects in the construction contracts in which the Group is engaged in.
- Reducing and avoiding creating waste by using recycled paper, saving used envelopes for internal communications or drafting, and prioritising electronic communications over printouts for daily operations.
- Recycling bins are placed beside printers to encourage scrap-paper recycling.
- Obtaining and renewing mandatory environmental licences, registrations and permits.
- Turning off air-conditioning systems at night or when leaving the office.
- Keeping the office temperature at 25°C in summer.
- Using LED lights or energy-saving lighting at our office.
- Conducting monthly statistical analysis of water consumption by comparing to water-saving target, identifying the reasons for underperformance and creating improvement procedures.

Direct energy consumption

	Unit	**2024**	2023
Electricity usage	kWh	**40,593**	37,631
Electricity usage intensity	kWh/Revenue (in S$ million)	**584**	744

The Group did not encounter any issues in sourcing water during the Reporting Period. However, it is important to acknowledge that Singapore is one of the most water-stressed countries in the world. This is primarily due to its dependence on rainfall, the lack of natural water resources, and limited land available for water storage facilities.

Water consumption

	Unit	**2024**	2023
Water consumption	cubic metre	**59.0**	52.9
Water consumption intensity	cubic metre/Revenue (in S$ million)	**0.8**	1.0

Paper consumption

	Unit	2024	2023
Paper	kg	**665**	781
Paper use intensity	kg/Revenue (in S$ million)	**10**	15

Given the nature of our electrical engineering services, there is an absence of packaging materials involved in our operations. As such, the Group has not placed emphasis on the development of policies in this area.

2.3. The Environment and Natural Resources

In compliance with the applicable environmental legislation, the Group expects that there will not be a significant negative impact on the environment or natural resources caused by our business operations. Nonetheless, we still place great importance on the potential threats our operations might pose to the natural environment. We raise environmental awareness amongst our employees through improving utilisation of resources and providing environmentally friendly guidance in our daily operations.

For the sake of compliance with the applicable laws and regulations regarding environmental protection, the Group has established an environmental management system in conformance with the ISO 14001:2015 international standard. The environmental management system includes measures and work procedures governing environmental protection compliance that are required to be followed by its employees and its subcontractors.

The Group completely understands that ESG policies and practices should change over time to reflect changes in business operations, structures, technology, laws and regulations, and the environment.

2.4. Climate Change

The Group recognises the profound impact that climate change has on our planet, our communities, and our business. As a responsible corporate citizen, we are committed to taking proactive steps to mitigate climate risks and contribute to a sustainable future. Climate change presents a range of risks that can affect our operations, supply chains, and stakeholders. These risks include physical risks, such as extreme weather events, rising sea levels, and temperature fluctuations, as well as transition risks associated with the shift to a low-carbon economy. By understanding these risks, we can better prepare and adapt our strategies to ensure resilience and sustainability.

We have established a risk management policy for identifying and mitigating different risks, including climate-related risks. The Board meets regularly and cooperates closely with key management to identify and evaluate climate-related risk and to formulate strategies to manage the identified risks.

Through the above method, the Group identified the material impacts on the Group's business arising from the following risks:

Physical risks: Increased frequency of extreme weather such as typhoons, storms and heavy rains can disrupt the operations. We assess our sites for impacts that can be caused by storm, flood or heatwave. Extreme climate events such as heavy rain, typhoon and flood are threats to our employees' safety. Our team works closely with the main contractor at the site and assists with implementing fast-response measures and regular inspections to ensure sites will not be flooded.

Transition risks: The Group anticipates that there will be more stringent climate legislation and regulations to support the global vision of carbon neutrality. The possible transition risks including technology, policy and legal risks as well as reputation risks were identified. In response to technological risks, the Group keeps abreast of the latest energy-saving technology and equipment and recommends it to the main contractor.

Regarding policy and legal risks and reputation risks, we regularly monitor existing and emerging trends, policies and regulations relevant to climate and are prepared to alert management where necessary to avoid cost increments, non-compliance fines and/or reputational risks due to delayed response. The Group will continue to monitor the market environment to ensure that our services meet customer and regulatory requirements.

3. SOCIAL

3.1. Employment

The Group is grateful to have the support of a dedicated team of industry professionals and employees — they are our most valuable assets. It is our priority to ensure that the occupational health and safety of all employees, subcontractor, workers and the communities surrounding our construction sites are adequately maintained.

The human resources policies that the Group adopts are in line with Singapore's Employment Act and the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong). The policies cover the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. Directors and senior management participate in formulating remuneration packages for all employees corresponding to 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.

During the Reporting Period, there was no incidence of a labour dispute or litigation regarding compliance with the applicable laws, and the Group complied with all relevant laws with respect to employment and labour, and child and forced labour.

3.1.1. Total workforce in FY2023/2024

The Group is principally engaged in the provision of electrical engineering services, which demands physical strength from our workers. Therefore, male employees are traditionally a majority in our workforce. This does not mean, however, that the Group is biased towards male employees. We always offer equal opportunities to female job applicants.

As of 30 June 2024, we employed a total of 197 full time staff (2023: 207). All of our staff members are located in Singapore and Hong Kong.

	2024	2023
By Gender	**No. of People**	No. of People
Male	**173**	188
Female	**24**	19
By Age Group		
Under 30 years old	**65**	78
30–50 years old	**110**	107
Over 50 years old	**22**	22
By Geographical Region		
Singapore	**189**	201
Hong Kong	**8**	6
By Employee Category		
Senior Level	**10**	6
Middle Level	**47**	52
Entry Level	**140**	149

During the Reporting Period, the Group's overall employee turnover rate was approximately 23.4% (2023: 19.8%). The employee turnover rates for male and female were approximately 24.9% (2023: 20.2%) and 12.5% (2023: 15.8%), respectively. The turnover rate by age group is as follows:

	2024	2023
By Age Group		
Under 30 years old	**30.8%**	28.2%
30–50 years old	**21.8%**	14.0%
Over 50 years old	**9.1%**	18.2%
By Geographical Region		
Singapore	**22.8%**	20.4%
Hong Kong	**37.5%**	–

For the Reporting period, the Group is not aware of any cases of non-compliance with laws and regulations in relation to compensation and dismissal, recruitment and promotion, work hours, rest periods, equal opportunities, diversity, anti-discrimination, or other benefits and welfare.

3.2. Health and Safety

Safety is a fundamental value of the Group. We are dedicated to ensuring a safe working environment for our employees and protecting them from occupational hazards. To achieve this, we have established a comprehensive occupational health and safety system that promotes safe working practices among all employees. Regular safety inspections are conducted to prevent accidents and ensure compliance with safety standards.

We adhere to the guidelines and recommendations from the MOM and Hong Kong's Occupational Safety and Health Council. Our health and safety management system is certified under ISO 45001:2018, and we have achieved the bizSAFE STAR certification, the highest level in the bizSAFE programme. On March 12, 2022, we were honored with a Certificate of Commendation from a main contractor, recognizing our ongoing commitment to maintaining a safe and healthy workplace.

Our safety management system clearly defines the roles and responsibilities within the Group, as well as the procedures for identifying workplace hazards, assessing their risk levels, implementing corrective and preventive measures, and handling emergencies. This structured approach ensures that safety is integrated into every aspect of our operations.

Both our employees and the employees of our subcontractors are required to adhere to our safe work procedures and guidelines. These guidelines cover not only office environments but also various site conditions, such as working at heights and in confined spaces. Workers are consistently reminded to exercise caution and follow safety protocols when using grinders, cutting machines, and electrical tools.

Our ultimate goal is to minimise the risk of work-related injuries. Despite the inherent challenges in the construction industry, we are relentless in our efforts to provide safe working environments for our workforce. Our safety manual is reviewed and updated annually by an independent third-party safety consultant to ensure it remains current and effective.

For the Reporting Period, the work injury statistics for the Group were as follows:

	Unit	2024	2023	2022
Number of work-related fatalities	case(s)	**0**	0	0
Rate of work-related fatalities	percentage	**0.0%**	0.0%	0.0%
Number of reported accidents (sick leave > 3 days)	case(s)	**2**	1	3
Days lost due to work injury	day(s)	**182**	3	16

Any injury is one too many for us. We will continue to provide regular safety training to site staff and maintain their awareness of the safety measures adopted.

The Group will keep on optimising its work practices for the sake of staff's health and safety with the aim of creating a safe, healthy and comfortable working environment.

During the Reporting Period, the Group is not aware of any cases of non-compliance with the laws and regulations in relation to providing a safe work environment and protecting employees from occupational hazards.

3.3. Development and Training

As an electrical engineering solution provider, the training and development in the Group mainly focus on safety of our employees and maintaining the quality of our work.

To provide a healthy and safe environment for our staffs, certain knowledge and skills are essential for our workers in performing their duties. Completion of all the necessary safety and professional training is the prerequisite to the access into construction sites. Employees who assume certain professional responsibilities in the team are encouraged to join relevant training program or courses. We arrange training workshops and courses for employees on 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 through external parties such as training authorities, with the Group providing sponsorship of admission fees.

We strive to provide our employees with a suitable and appropriate platform for their career development, professionalism and promotion opportunities. We motivate employees to proactively recognise their training needs and seek development to fulfil their personal and career aspirations. Annual performance appraisals are conducted between management and employees for continuous improvement.

The Group's directors and managerial staff are provided with various training sessions to allow them to continue their professional development and enhance their knowledge and skills. The training includes updates on the rules for listed companies and information about relevant laws and regulations, corporate governance and latest ESG information.

	Percentage of employees trained		**Average training hours completed per employee**	
	2024	2023	**2024**	2023
By Gender				
Male	**100%**	100%	**23.2**	18.3
Female	**100%**	100%	**24.0**	20.0
By Seniority				
Senior Level	**100%**	100%	**24.0**	20.0
Middle Level	**100%**	100%	**21.2**	17.3
Entry Level	**100%**	100%	**20.8**	18.9

3.4. Labour Standards

The Group respects human rights and freedoms and strictly prohibits the uses of child and forced labour in our workplace by adhering to the rules on employment of children and young persons (Chapter 91, part VIII) under the Employment Act of Singapore, and the International Labour Organization Convention on the Abolition of Forced Labour.

The Group strictly prohibits child labour or forced labour in its operations. 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. We also avoid using suppliers that use child labour or forced labour in their operations. Our contract with subcontractors includes the prohibition of any such conduct.

In the event that any irregularities in ages or validities of employment status is found, the Group will eliminate undesirable practices and perform investigation. To align with the relevant laws and regulations, employment arrangements encompassing working environment, working hours, rest days and holidays are subject to periodic review.

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 in Singapore and Hong Kong.

3.5. 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 practises thorough supply chain management. As mentioned, our quality management system that governs our daily operations for quality control and improvements meets the requirements of ISO 9001:2015. Our internal policies, including the procurement process, are governed by this standard. 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.

Suppliers and sub-contractors who are equipped with environmental or social accreditation will be prioritised for selection as well.

During the Reporting Period, the Group maintained close ties with a total of 170 (2023: 159) suppliers, all of which were based in Singapore. Our quality control teams regularly inspected the quality and progress of the work delivered by our subcontractors. The work performed by subcontractors is categorised into different risk levels. We visit sites frequently to ensure the quality of work. 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.

3.6. Product Responsibility

The cornerstone of the Group's success is the trust built between us and our customers. Accordingly, we have 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 our customers and deliver the best construction services available. We are glad that no service-related complaints or claim have been received for quality issues related to work performed either by us or by our subcontractors during the Reporting Period.

The Group also strives to deliver the best construction service available. Our quality management system has been certified to satisfy the requirements of ISO 9001:2015. Each of our construction projects is assigned to 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 construction work also has to be certified by customers before the Group can receive payment.

The Group takes its responsibility to safeguard personal data and privacy. All personal data that was provided to us in relation to our business activities are strictly confidential. Our policy requires employees to handle customer data carefully. Our clients' data can only be accessed by authorised personnel, and data processing is monitored by managerial employees to protect clients' information against improper disclosure, misuse or unauthorised use, loss, damage and corruption. Through internal training and confidentiality agreements, the Group enforces confidentiality obligations and data leakage prevention.

The Group is dedicated to protecting and enforcing the Group's own intellectual property ("IP") rights as well as the IP rights of other enterprises. The Group has obtained licensed software and information from authorised suppliers for use in its business operations. Employees are also required to avoid infringing copyright and having unlicensed computer software on their workplace computers.

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.

3.7. Anti-corruption

The Group adopts a zero-tolerance policy towards any form of corruption and bribery. Over the years, the Group has witnessed no suspected or actual bribery, extortion, fraud or money laundering activities within the organisation. The Group stands firmly by its anti-corruption policies and procurement practices. Acceptance and offer of kickbacks, commissions or any benefits is strictly prohibited during any procurement, contract negotiations or other business dealings. Our anti-corruption policy was stated in our staff handbook.

The Group has a whistle-blowing policy to encourage employees to raise serious concerns within the Group. While the fear of harassment or victimisation may repress the willingness of our employees from reporting any malpractice and improprieties, the policy enables our staff to help us to uncover any potential non-compliance issues, such as fraud, corruption, and criminal offences. The whistle blower's anonymity is well protected regardless of the investigation outcome so that they will have no fear of reprisal.

During the Reporting Period, there is no concluded legal case regarding corrupt practices brought against us and our employee and the Group is not aware of any cases of non-compliance related to bribery, extortion, fraud and money laundering, including but not limited to, the Prevention of Corruption Act in Singapore and Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) in Hong Kong, that would have a significant impact to the Group.

3.8. Community Involvement

To honour our corporate social responsibility and benefit society, the Group strives to be a positive force in the communities where we operate. We maintain close communications and interactions with our stakeholders to understand and address the interests of the communities.

Given the nature of our business, any potential environmental impacts, and health and safety concerns of the labour are our priorities. The Group is committed to upholding high standards of work and ensuring the well-being of our employees through on-site inspections and regular review of policies and procedures.

In the future, we hope we can nurture more professionals and young people in the construction industry, contributing to a better community for everyone.

To the Shareholders of KHOON GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

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 57 to 115, which comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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. The key audit matter we identified is:

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed key audit matter
Contract Revenue Recognition and Accounting for Electrical Engineering Services Refer to notes 7 and 20 to the consolidated financial statements. 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 are 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. During the year ended 30 June 2024, the Group recognised revenue from the provision of electrical engineering services amounted to S$69,506,635. As at 30 June 2024, the Group had contract assets of S$33,768,356 relating to the provision of electrical engineering services. Due to the significant judgement and estimates involved, specific audit focus was placed on this area. 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 respectively.	We have understood and 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, if any ; 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 material costs that have been committed to quotations and contracts entered;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed key audit matter
	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; 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 the contract revenue to the actual costs incurred plus estimated costs to complete for each of ongoing projects, and assessed the presence of any onerous contracts at the end of the reporting period. 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.

OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our 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 AUDIT COMMITTEE 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 IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Companies Ordinance, and for such internal control as the Directors determine 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.

The Audit Committee assists the Directors in discharging their responsibilities 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. We report our opinion solely to you, as a body, 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 HKSAs 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' 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.

- 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.

- 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 the Audit Committee, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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 matters. 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. Leung Wan Yi Winnie.

RSM Hong Kong
Certified Public Accountants

26 September 2024

29th Floor, Lee Gardens Two
28 Yun Ping Road
Causeway Bay, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	**2024**	2023
		S$	S$
Revenue	7	**69,506,635**	50,607,886
Cost of services		**(63,615,918)**	(48,135,476)
Gross profit		**5,890,717**	2,472,410
Other income	8a	**283,128**	310,803
Other gains and losses	8b	**(662,856)**	(186,135)
Impairment losses on financial assets and contract assets	8c	**(790,663)**	(700,000)
Administrative expenses		**(4,415,795)**	(3,504,879)
Finance costs	9	**(10,116)**	(4,810)
Profit/(loss) before tax		**294,415**	(1,612,611)
Income tax (expense)/credit	10	**(303,311)**	63,864
Loss for the year attributable to owners of the Company	11	**(8,896)**	(1,548,747)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Exchange difference on translating foreign operation		**(226,015)**	212,865
Other comprehensive (loss)/income for the year, net of tax		**(226,015)**	212,865
Total comprehensive loss for the year attributable to owners of the Company		**(234,911)**	(1,335,882)
Loss per share (S$ cents)	15		
Basic		**–***	(0.15)
Diluted		**–***	(0.15)

* Denote less than S$(0.01) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	**2024**	2023
		S$	S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**87,681**	176,567
Right-of-use assets	17	**731,715**	145,149
Deposits	19	**94,914**	94,612
Total non-current assets		**914,310**	416,328
Current assets			
Trade receivables	18	**9,622,527**	7,833,214
Other receivables, deposits and prepayments	19	**1,056,750**	508,539
Contract assets	20	**33,768,356**	31,593,789
Bank balances and cash	21	**7,065,336**	10,184,427
Total current assets		**51,512,969**	50,119,969
Current liabilities			
Trade and other payables	22	**15,009,711**	13,618,814
Contract liabilities	20	**51,846**	188,776
Lease liabilities	23	**380,902**	112,092
Amounts due to directors		**85,729**	87,913
Income tax payable		**369,668**	84,181
Total current liabilities		**15,897,856**	14,091,776
Net current assets		**35,615,113**	36,028,193
Total assets less current liabilities		**36,529,423**	36,444,521
Non-current liabilities			
Lease liabilities	23	**355,385**	35,572
Total non-current liabilities		**355,385**	35,572
Net assets		**36,174,038**	36,408,949
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)
Exchange reserve		**(13,150)**	212,865
Accumulated profits		**14,193,479**	14,202,375
Equity attributable to owners of the Company		**36,174,038**	36,408,949

Approved and authorised for issue by the Board of Directors on 26 September 2024 and signed on its behalf by:

Ang Jui Khoon
Chairman and Executive Director

Ang Kok Kwang
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Share capital	Share premium (note a)	Merger reserve (note b)	Exchange reserve (note c)	Accumulated profits	Total
	S$	S$	S$	S$	S$	S$
At 1 July 2022	1,742,143	31,669,457	(11,417,891)	–	15,751,122	37,744,831
Loss for the year	–	–	–	–	(1,548,747)	(1,548,747)
Other comprehensive income	–	–	–	212,865	–	212,865
Total comprehensive loss for the year	–	–	–	212,865	(1,548,747)	(1,335,882)
At 30 June 2023 and 1 July 2023	1,742,143	31,669,457	(11,417,891)	212,865	14,202,375	36,408,949
Loss for the year	**–**	**–**	**–**	**–**	**(8,896)**	**(8,896)**
Other comprehensive loss	**–**	**–**	**–**	**(226,015)**	**–**	**(226,015)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(226,015)**	**(8,896)**	**(234,911)**
At 30 June 2024	**1,742,143**	**31,669,457**	**(11,417,891)**	**(13,150)**	**14,193,479**	**36,174,038**

Notes:

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 group reorganisation in 2019 and the total value of share capital of the entities acquired.

c. Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations to the Group's presentation currency (i.e. Singapore dollar) which are recognised directly in other comprehensive income and accumulated in the exchange reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024 S$	2023 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**294,415**	(1,612,611)
Adjustments for:			
Impairment losses on financial assets and contract assets	8c	**790,663**	700,000
Depreciation of investment property		**–**	14,687
Depreciation of property, plant and equipment	16	**105,480**	155,609
Depreciation of right-of-use assets	17	**208,429**	131,180
Written off of trade receivables	8b	**537,198**	58,703
Written off of contract assets	8b	**433,563**	–
Exchange (gains)/losses, net	8b	**(247,288)**	422,933
Gain on disposal of property, plant and equipment	8b	**(60,617)**	(54,682)
Gain on disposal of investment property	8b	**–**	(240,819)
Finance costs	9	**10,116**	4,810
Interest income	8a	**(98,444)**	(91,551)
Operating profit/(loss) before working capital changes		**1,973,515**	(511,741)
Increase in trade receivables		**(3,057,174)**	(2,590,534)
(Increase)/decrease in other receivables, deposits and prepayments		**(548,513)**	982,933
Increase in contract assets		**(2,668,130)**	(2,847,275)
Increase in trade and other payables		**1,390,897**	1,413,914
Decrease in amounts due to directors		**(2,184)**	(32,087)
(Decrease)/increase in contract liabilities		**(136,930)**	136,332
Cash used in operations		**(3,048,519)**	(3,448,458)
Income tax paid		**(17,824)**	(133,204)
Net cash used in operating activities		**(3,066,343)**	(3,581,662)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**98,444**	91,551
Purchase of property, plant and equipment		**(36,177)**	(29,989)
Proceed from disposal of property, plant and equipment		**80,200**	64,815
Proceed from disposal of investment property		**–**	1,050,000
Net cash generated from investing activities		**142,467**	1,176,377
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		**(206,395)**	(130,535)
Interest paid		**(10,116)**	(4,810)
Net cash used in financing activities		**(216,511)**	(135,345)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,140,387)**	(2,540,630)
Effect of foreign exchange rate changes		**21,296**	(210,068)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**10,184,427**	12,935,125
CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,065,336**	10,184,427
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**7,065,336**	10,184,427

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 "Controlling Shareholder").

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

The 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 these consolidated financial statements.

3 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (continued)

(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 MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention. The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in S$, which is also the functional currency of the Company.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated 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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (Continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

— where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

— uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and

— makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out below and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

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 financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Recognition and derecognition of financial instruments (continued)

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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

— Fair value through other comprehensive income ("FVTOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue and other income

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;

(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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue and other income (continued)

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.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to eligible employees in Singapore and Hong Kong. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and 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 bases 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 differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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 and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and other receivables, deposits, contract assets and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets and contracts assets (continued)

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 at the reporting date with the risk of a default occurring on the financial instrument 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, relevant think-tanks 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.

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;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— 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;

— significant increases in credit risk on other financial instruments of the same 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 on a financial asset 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets and contracts assets (continued)

Significant increase in credit risk (continued)

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,

(ii) the debtor 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 considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

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

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets and contracts assets (continued)

Credit-impaired financial assets

A 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:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, 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.

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, 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 original effective interest rate.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets and contracts assets (continued)

Measurement and recognition of ECL (continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES

In the application of the Group's accounting policies, which are described in note 4 to the consolidated financial statements, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

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

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Revenue recognition of electrical engineering services

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

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

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

During the year, S$69,506,635 (2023: S$50,607,886) of revenue from provision of electrical engineering services was recognised.

Estimated impairment of trade receivables and contract assets

The Group recognises lifetime ECL for trade receivables and contract assets. Assessment is done 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 2024, the carrying amounts of trade receivables, net of allowance for impairment losses of S$784,032 (2023: S$53,369) and contract assets, net of allowance for impairment losses of S$182,399 (2023: S$822,399), are S$9,622,527 (2023: S$7,833,214) and S$33,768,356 (2023: S$31,593,789) respectively.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2024 S$	2023 S$
Financial assets		
Amortised cost:		
Trade receivables	9,622,527	7,833,214
Other receivables and deposits (note a)	542,635	315,072
Bank balances and cash	7,065,336	10,184,427
	17,230,498	18,332,713
Financial liabilities		
Amortised cost:		
Trade and other payables (note b)	14,795,464	13,332,246
Amounts due to directors	85,729	87,913
Lease liabilities	736,287	147,664
	15,617,480	13,567,823

Note a: Prepayments are excluded.

Note b: Good and Services Tax ("GST") payables are excluded.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

Financial assets

Type of financial asset/liability	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	S$	S$	S$
As at 30 June 2024			
Trade receivables from sub-contractors for backcharges	**392,562**	**(392,562)**	**–**
As at 30 June 2023			
Trade receivables from sub-contractors for backcharges	1,000,745	(1,000,745)	–

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

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, trade and other payables and amounts due to directors. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include 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.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(a) Currency risk management

The Group has certain bank balances and other payables denominated in US Dollar ("US$") and Hong Kong Dollar ("HK$") other than the functional currency of the Group entities, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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

	2024	2023
	S$	S$
Monetary assets:		
— Denominated in US$	**–**	114,278
— Denominated in HK$	**74,167**	34,988
	74,167	149,266

In the management's opinion, the sensitivity analysis for the currency risk is not presented as the exposure at the end of the reporting period is not significant.

6 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 2024 as a component of bank balances and cash is S$5,024,935 (2023: S$6,821,801) placed in 2 (2023: 2) banks in Hong Kong. The remaining bank balances and cash are placed in 3 (2023: 4) banks in Singapore. All these counterparties have been assessed by management to be financially sound, with external credit ratings of investment grade.

Approximately 52% (2023: 47%) of total trade receivables outstanding at 30 June 2024 were due from top 5 customers which are all located in Singapore and 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 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 consolidated statement 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.

6 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 but usually settles after due date.	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL — not credit-impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

For bank balances and cash and other receivables and deposits, the Group has assessed and concluded that the ECL 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.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(b) Credit risk management (continued)

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

As at 30 June 2024

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
Trade receivables	18	(1)	Lifetime ECL (simplified approach)	10,406,559	(784,032)	9,622,527
Other receivables and deposits	19	Low risk	12-month ECL	542,635	–	542,635
Contract assets	20	(1)	Lifetime ECL (simplified approach)	33,950,755	(182,399)	33,768,356
				44,899,949	(966,431)	43,933,518

As at 30 June 2023

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
Trade receivables	18	(1)	Lifetime ECL (simplified approach)	7,886,583	(53,369)	7,833,214
Other receivables and deposits	19	Low risk	12-month ECL	315,072	–	315,072
Contract assets	20	(1)	Lifetime ECL (simplified approach)	32,416,188	(822,399)	31,593,789
				40,617,843	(875,768)	39,742,075

(1) The Group determines the ECL on these items by 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. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 18 and 20 include further details on the loss allowance for trade receivables and contract assets respectively.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(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 Group's operations and mitigate the effects of fluctuations in cash flows.

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.

	Weighted average effective interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
As at 30 June 2024								
Non-interest bearing instruments								
Trade and other payables	**–**	**14,795,464**	**–**	**–**	**–**	**–**	**14,795,464**	**14,795,464**
Amounts due to directors	**–**	**85,729**	**–**	**–**	**–**	**–**	**85,729**	**85,729**
Fixed interest bearing instruments								
Lease liabilities	**4.06**	**114,816**	**101,042**	**188,308**	**288,667**	**77,487**	**770,320**	**736,287**
Total		**14,996,009**	**101,042**	**188,308**	**288,667**	**77,487**	**15,651,513**	**15,617,480**
As at 30 June 2023								
Non-interest bearing instruments								
Trade and other payables	–	13,332,246	–	–	–	–	13,332,246	13,332,246
Amounts due to directors	–	87,913	–	–	–	–	87,913	87,913
Fixed interest bearing instruments								
Lease liabilities	2.28	33,766	33,766	46,642	29,829	6,270	150,273	147,664
Total		13,453,925	33,766	46,642	29,829	6,270	13,570,432	13,567,823

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(d) Fair value

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.

7 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. The accounting policies are the same as the Group's accounting policies described in note 4. No further detailed analysis of the Group's result nor assets and liabilities is regularly provided to the CODMs for review as 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.

7 REVENUE AND SEGMENT INFORMATION (continued)

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

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

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 S$	2023 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
	116,845,566	118,144,206

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.

7 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:

	2024 **S$**	2023 S$
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**	–
	914,310	416,328

8a. OTHER INCOME

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

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.

8b. OTHER GAINS AND LOSSES

	2024 S$	2023 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	**247,288**	(422,933)
	(662,856)	(186,135)

8c. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2024 S$	2023 S$
Impairment losses recognised on:		
Trade receivables (note 18)	**(730,663)**	–
Contract assets (note 20)	**(60,000)**	(700,000)
	(790,663)	(700,000)

9 FINANCE COSTS

	2024 S$	2023 S$
Interest on lease liabilities	10,116	4,810

10 INCOME TAX EXPENSE/(CREDIT)

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

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

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.

10 INCOME TAX EXPENSE/(CREDIT) (continued)

The reconciliation between the income tax expense/(credit) and the product of profit/(loss) before tax multiplied by CIT rate is as follows:

	2024 S$	2023 S$
Profit/(loss) before tax	294,415	(1,612,611)
Tax expense/(credit) at applicable tax rate of 17% (2023: 17%)	50,051	(274,144)
Tax effect of expenses not deductible for tax purpose	325,406	309,034
Tax effect of income not taxable for tax purpose	(61,785)	(64,379)
Effect of tax concessions and partial tax exemptions	(17,425)	(17,425)
Tax effect of temporary difference not recognised	7,064	99,325
Over provision in prior years	–	(112,816)
Deferred tax credit	–	(3,459)
Income tax expense/(credit)	303,311	(63,864)

11 LOSS FOR THE YEAR

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

	2024 S$	2023 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	22,424,163	17,124,853
Gross rental income from investment property recognised as other income (note 8a)	–	(17,400)
Less: Direct operating expenses incurred for investment property that generated rental income	–	1,126
	–	(16,274)

12 EMPLOYEE BENEFITS EXPENSE

	2024 S$	2023 S$
Directors' remuneration (note 13)	**1,073,514**	1,177,529
Other staff costs:		
Salaries and other benefits	**7,343,288**	5,671,039
Retirement benefit scheme contributions	**258,326**	227,781
	8,675,128	7,076,349

(a) Pensions — defined contribution plans

The Group contributes to defined contribution retirement plans which are available for eligible employees in Singapore and Hong Kong.

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 Central Provident Fund Scheme (the "CPF Scheme"). 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 Group's subsidiary in Hong Kong operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

During the years ended 30 June 2024 and 2023, the Group had no forfeited contributions under the CPF Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 30 June 2024 and 2023 under the CPF Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

12 EMPLOYEE BENEFITS EXPENSE (continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2023: three) directors and one former director (2023: Nil) whose annual emoluments are reflected in the analysis presented in note 13. The annual emoluments of the remaining two (2023: two) individuals and the emoluments of the former director for the period from the date of resignation as director to the end of the reporting period are set out below:

	2024	2023
	S$	S$
Basic salaries and allowances	**496,317**	216,950
Discretionary bonus	**24,320**	30,000
Retirement benefit scheme contributions	**9,601**	29,580
	530,238	276,530

The number of highest paid individuals who are not the directors of the Company as at 30 June 2024 whose annual emoluments fell within the following bands is as follows:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	–

During the years ended 30 June 2024 and 2023, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The annual emoluments paid or payable to the directors of the Company (including emoluments for services as employee/directors of the Company or its subsidiary undertaking) are set out below.

Year ended 30 June 2024

	Fees S$	Discretionary bonus (note h) S$	Salaries and allowances S$	Contribution to retirement benefit scheme (note i) S$	Total S$
Executive Directors					
Mr. Ang Jui Khoon ("Mr. JK Ang") (note a)	40,000	28,000	336,855	7,382	412,237
Mr. Ang Kok Kwang ("Mr. KK Ang") (note b)	40,000	26,000	321,735	16,728	404,463
Mr. Ang Yong Kwang ("Mr. YK Ang") (note c)	–	18,000	159,386	12,274	189,660
Independent Non-Executive Directors					
Mr. Yeo Kwang Maccann (note d)	3,500	–	–	–	3,500
Mr. Hon Chin Kheong (note e)	6,364	–	–	–	6,364
Ms. Leung Wing Chi Kylie	22,328	–	–	–	22,328
Mr. Fok Wai Hung (note f)	19,062	–	–	–	19,062
Mr. So Chi Kai (note g)	15,900	–	–	–	15,900
	147,154	72,000	817,976	36,384	1,073,514

13 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

Year ended 30 June 2023

	Fees S$	Discretionary bonus (note h) S$	Salaries and allowances S$	Contribution to retirement benefit scheme (note i) S$	Total S$
Executive Directors					
Mr. JK Ang (note a)	40,000	28,000	336,720	7,500	412,220
Mr. KK Ang (note b)	40,000	26,000	312,720	16,660	395,380
Mr. YK Ang (note c)	40,000	18,000	233,629	15,300	306,929
Independent Non-Executive Directors					
Mr. Yeo Kwang Maccann (note d)	21,000	–	–	–	21,000
Mr. Hon Chin Kheong (note e)	21,000	–	–	–	21,000
Ms. Leung Wing Chi Kylie	21,000	–	–	–	21,000
	183,000	72,000	883,069	39,460	1,177,529

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) Mr. YK Ang has resigned as an Executive Director on 15 March 2024 and has become an employee of the Group since the date of resignation as director of the Company.

(d) Mr. Yeo Kwang Maccann has resigned as an Independent Non-Executive Director of the Company on 31 August 2023.

(e) Mr. Hon Chin Kheong has resigned as an Independent Non-Executive Director of the Company on 19 October 2023.

(f) Mr. Fok Wai Hung has been appointed as an Independent Non-Executive Director of the Company on 31 August 2023.

(g) Mr. So Chi Kai has been appointed as an Independent Non-Executive Director of the Company on 19 October 2023.

(h) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

(i) 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.

13 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

During the years ended 30 June 2024 and 2023:

(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) None of the directors of the Company waived or agreed to waive any emoluments;

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

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

(b) Directors' material interests in transactions, arrangements or contracts

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 2024 and 2023 or at any time during the years.

14 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).

15 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)	**–***	(0.15)

* 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.

16 PROPERTY, 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 2022	557,748	248,867	65,248	1,544,396	38,752	2,455,011
Additions	–	29,989	–	–	–	29,989
Disposals	–	–	–	(284,888)	–	(284,888)
At 30 June 2023 and 1 July 2023	557,748	278,856	65,248	1,259,508	38,752	2,200,112
Additions	2,450	33,727	–	–	–	36,177
Disposals	–	–	–	(182,665)	–	(182,665)
At 30 June 2024	**560,198**	**312,583**	**65,248**	**1,076,843**	**38,752**	**2,053,624**
Accumulated depreciation:						
At 1 July 2022	530,187	228,476	57,589	1,296,670	29,769	2,142,691
Charge for the year	15,119	37,173	6,379	90,346	6,592	155,609
Disposals	–	–	–	(274,755)	–	(274,755)
At 30 June 2023 and 1 July 2023	545,306	265,649	63,968	1,112,261	36,361	2,023,545
Charge for the year	7,755	29,473	1,280	64,581	2,391	105,480
Disposals	–	–	–	(163,082)	–	(163,082)
At 30 June 2024	**553,061**	**295,122**	**65,248**	**1,013,760**	**38,752**	**1,965,943**
Carrying amounts:						
At 30 June 2023	12,442	13,207	1,280	147,247	2,391	176,567
At 30 June 2024	**7,137**	**17,461**	**–**	**63,083**	**–**	**87,681**

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

	Dormitories	Office	Office equipment	Total
	S$	S$	S$	S$
Cost:				
At 1 July 2022	187,135	472,239	11,213	670,587
Additions	–	–	10,706	10,706
Termination of lease	(89,206)	(232,804)	(11,213)	(333,223)
At 30 June 2023 and 1 July 2023	97,929	239,435	10,706	348,070
Additions	344,259	447,513	–	791,772
Termination of lease	(97,929)	–	–	(97,929)
Exchange adjustments	–	3,568	–	3,568
At 30 June 2024	**344,259**	**690,516**	**10,706**	**1,045,481**
Accumulated depreciation:				
At 1 July 2022	109,609	286,011	9,344	404,964
Charge for the year	48,964	79,812	2,404	131,180
Termination of lease	(89,206)	(232,804)	(11,213)	(333,223)
At 30 June 2023 and 1 July 2023	69,367	133,019	535	202,921
Charge for the year	88,164	118,124	2,141	208,429
Termination of lease	(97,929)	–	–	(97,929)
Exchange adjustments	–	345	–	345
At 30 June 2024	**59,602**	**251,488**	**2,676**	**313,766**
Carrying amount:				
At 30 June 2023	28,562	106,416	10,171	145,149
At 30 June 2024	**284,657**	**439,028**	**8,030**	**731,715**

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

Dormitories	1.8 to 2 years
Office	2.6 to 3 years
Office equipment	5 years

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

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

The maturity analysis of lease liabilities is presented in note 23.

Amounts recognised in profit or loss

	2024	2023
	S$	S$
Depreciation expense on right-of-use assets	**208,429**	131,180
Interest expense on lease liabilities (note 9)	**10,116**	4,810
Expense relating to short-term leases	**48,315**	24,409

At 30 June 2024, short-term lease commitment by the Group amounts to S$Nil (2023: S$5,994).

The total cash outflow for leases in 2024 amounts to S$264,826 (2023: S$159,754).

18 TRADE RECEIVABLES

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

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

18 TRADE RECEIVABLES (continued)

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
	9,622,527	7,833,214

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 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.

18 TRADE RECEIVABLES (continued)

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

	Trade receivables — days past due						
	Not past due	≤ 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> 120 days	Total
	S$	S$	S$	S$	S$	S$	S$
As at 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)**
							9,622,527
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)
							7,833,214

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	2023
	S$	S$
Balance at beginning of year	**53,369**	53,369
Impairment losses recognised for the year	**730,663**	–
Balance at end of year	**784,032**	53,369

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.

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024	2023
	S$	S$
Current		
Deposits (note)	**219,157**	176,710
Prepayments	**609,029**	288,079
Others (note)	**228,564**	43,750
	1,056,750	508,539
Non-current		
Deposits (note)	**94,914**	94,612
	1,151,664	603,151

Note: The management considered the ECL for deposits and others to be insignificant as at 30 June 2024 and 2023.

20 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 (note)	**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.

20 CONTRACT ASSETS/LIABILITIES (continued)

Contract assets (continued)

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.

20 CONTRACT ASSETS/LIABILITIES (continued)

Contract assets (continued)

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

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 **S$**	2023 S$
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	**182,399**	822,399

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 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.

20 CONTRACT ASSETS/LIABILITIES (continued)

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	**143,048**	342,562

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	**342,562**	214,620

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.

21 BANK BALANCES AND CASH

	2024	2023
	S$	S$
Cash at banks	**7,029,960**	10,149,280
Cash on hand	**35,376**	35,147
Cash and cash equivalents in the consolidated statement of cash flows	**7,065,336**	10,184,427

As at 30 June 2024, there was bank balances of S$1,651,420 (2023: S$2,586,524) that carry effective interest rate ranging from 0.12% to 0.63% per annum (2023: 0.001% to 0.5% per annum) and the remaining bank balances and cash are interest-free.

21 BANK BALANCES AND CASH (continued)

The carrying amounts of bank balances and cash are denominated in the following currencies:

	2024	2023
	S$	S$
HK$	**5,036,087**	6,832,889
S$	**2,029,249**	3,237,260
US$	**–**	114,278
	7,065,336	10,184,427

22 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 (note)	**3,343,394**	2,816,796
	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	**65,583**	70,776
	15,009,711	13,618,814

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.

22 TRADE AND OTHER PAYABLES (continued)

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	**148,937**	426,382
	8,623,132	8,073,129

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$.

23 LEASE LIABILITIES

	Minimum lease payments		**Present value of minimum lease payments**	
	2024	2023	**2024**	2023
	S$	S$	**S$**	S$
Within one year	**404,166**	114,174	**380,902**	112,092
More than one year, but not exceeding two years	**288,667**	29,829	**278,882**	29,519
More than two years, but not more than five years	**77,487**	6,270	**76,503**	6,053
	770,320	150,273	**736,287**	147,664
Less: Future finance charges	**(34,033)**	(2,609)	**N/A**	N/A
Present value of lease obligations	**736,287**	147,664	**736,287**	147,664
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(380,902)**	(112,092)
Amount due for settlement after 12 months			**355,385**	35,572

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 2024, the weighted average incremental borrowing rate was 4.06% (2023: 2.28%) per annum.

23 LEASE LIABILITIES (continued)

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.

24 SHARE CAPITAL

	Number of ordinary shares	Par value	Share capital
		HK$	HK$
Authorised share capital of the Company:			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	1,500,000,000	0.01	15,000,000

	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	1,000,000,000	1,742,143

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.

25 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2024 S$	2023 S$
ASSETS AND LIABILITIES			
Non-current asset			
Investment in subsidiaries		12,917,895	12,917,895
Current assets			
Deposits		17,172	3,490
Amounts due from subsidiaries		14,124,671	14,373,223
Bank balances and cash		63,015	23,901
		14,204,858	14,400,614
Current liabilities			
Other payables		101,514	208,050
Amounts due to directors		5,729	7,913
		107,243	215,963
Net current assets		14,097,615	14,184,651
Total assets less current liabilities, representing net assets		27,015,510	27,102,546
EQUITY			
Capital and reserves			
Share capital	24	1,742,143	1,742,143
Share premium		31,669,457	31,669,457
Accumulated losses		(6,396,090)	(6,309,054)
Equity attributable to owners of the Company		27,015,510	27,102,546

Approved and authorised for issue by the Board of Directors on 26 September 2024 and signed on its behalf by:

Ang Jui Khoon
Chairman and Executive Director

Ang Kok Kwang
Executive Director

25 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

(b) Reserves movement of the Company

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

	Share capital	Share premium	Accumulated losses	Total
	S$	S$	S$	S$
At 1 July 2022	1,742,143	31,669,457	(4,829,559)	28,582,041
Loss for the year	–	–	(1,479,495)	(1,479,495)
At 30 June 2023 and 1 July 2023	**1,742,143**	**31,669,457**	**(6,309,054)**	**27,102,546**
Loss for the year	**–**	**–**	**(87,036)**	**(87,036)**
At 30 June 2024	**1,742,143**	**31,669,457**	**(6,396,090)**	**27,015,510**

26 RELATED PARTY BALANCES AND TRANSACTIONS

Apart from disclosure within the consolidated financial statements, the Group did not enter into transactions with related parties during the financial years ended 30 June 2024 and 2023.

(a) Related party balances

As at 30 June 2024, the amounts due to directors of S$85,729 (2023: S$87,913) in the nature of directors' fee payable, are unsecured, interest free and repayable on demand.

(b) Compensation of key management personnel

The remuneration of the executive directors and the personnel who are considered as key management of the Group, for the years ended 30 June 2024 and 2023 were as follows:

	2024	2023
	S$	S$
Short term benefits	**1,490,613**	1,218,169
Post-employment benefits	**45,984**	54,250
	1,536,597	1,272,419

27 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2024 and 2023 are set out below:

Name of subsidiary	Place of incorporation/ operations	Kind of legal entity	Paid up issued capital	Group's effective interest 2024	Group's effective interest 2023	Held by the Company 2024	Held by the Company 2023	Principal activities
Top Stride Investment Limited	BVI	Limited liability company	S$12,153,648	100%	100%	100%	100%	Investment holding
Khoon Engineering	Singapore	Limited liability company	S$1,500,000	100%	100%	–	–	Provision of electrical engineering services
Energy Fleet Limited	BVI	Limited liability company	US$1	100%	100%	100%	100%	Investment holding
Energy Fleet (HK) Limited	Hong Kong	Limited liability company	HK$1	100%	100%	–	–	Provision of corporate management services to the Group

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

28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows 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 S$
At 1 July 2022	267,493
Financing cash flows	(135,345)
Non-cash changes:	
— Interest expenses (note 9)	4,810
— Additions to right-of-use assets (note 17)	10,706
At 30 June 2023 and 1 July 2023	147,664
Financing cash flows	(216,511)
Non-cash changes:	
— Interest expenses (note 9)	10,116
— Additions to right-of-use assets (note 17)	791,772
— Exchange adjustments	3,246
At 30 June 2024	736,287

29 CONTINGENT LIABILITIES

As at 30 June 2024, performance bonds of S$1,943,450 (2023: S$2,067,701) were given in favour of certain customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to these 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.

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.

30 SHARE OPTION SCHEME

Pursuant to a share option scheme approved by a written resolution passed by the shareholders 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") of 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 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 terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of the Company. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted with 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 the Company.

During the years ended 30 June 2024 and 2023, no share options have been granted nor exercised and there is no outstanding share option of the Company as at 30 June 2024 and 2023.

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.

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:

	Year ended 30 June				
	2024	2023	2022	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**69,507**	50,608	23,058	26,304	37,898
Cost of services	**(63,616)**	(48,136)	(21,630)	(24,069)	(31,024)
Gross Profit	**5,891**	2,472	1,428	2,235	6,874
Other income	**283**	311	661	990	886
Other gains and losses	**(663)**	(186)	315	(553)	420
Allowance for impairment losses	**(791)**	(700)	(176)	–	(416)
Administrative expenses	**(4,416)**	(3,505)	(2,805)	(2,661)	(2,811)
Finance costs	**(10)**	(5)	(4)	(3)	(6)
Listing expenses	**–**	–	–	–	(424)
Profit/(loss) before tax	**294**	(1,613)	(581)	8	4,523
Income tax (expense)/credit	**(303)**	64	(37)	(191)	(818)
(Loss)/profit for the year	**(9)**	(1,549)	(618)	(183)	3,705
Other comprehensive (loss)/income for the year	**(226)**	213	–	–	–
(Loss)/profit and other comprehensive (loss)/income for the year	**(235)**	(1,336)	(618)	(183)	3,705

	At 30 June				
	2024	2023	2022	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS AND LIABILITIES					
Non-current assets	**914**	416	1,505	1,706	2,304
Current assets	**51,513**	50,120	49,166	59,574	64,588
Total assets	**52,427**	50,536	50,671	61,280	66,892
Non-current liabilities	**355**	35	173	245	147
Current liabilities	**15,898**	14,092	12,753	22,672	28,200
Total liabilities	**16,253**	14,127	12,926	22,917	28,347
Total equity	**36,174**	36,409	37,745	38,363	38,545