HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1726

Interim Report

2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director

Mr. Ang Kong Meng *(Chairman)*

Executive Directors

Mr. Koh Lee Huat *(Chief Executive Officer)*
Mr. Ryan Ong Wei Liang

Independent Non-Executive Directors

Mr. Siu Man Ho Simon
Mr. Cheung Kwok Yan Wilfred
Prof. Pong Kam Keung

AUDIT COMMITTEE

Mr. Cheung Kwok Yan Wilfred *(Chairman)*
Mr. Siu Man Ho Simon
Mr. Ang Kong Meng

REMUNERATION COMMITTEE

Mr. Siu Man Ho Simon *(Chairman)*
Prof. Pong Kam Keung
Mr. Koh Lee Huat

NOMINATION COMMITTEE

Prof. Pong Kam Keung *(Chairman)*
Mr. Cheung Kwok Yan Wilfred
Mr. Ryan Ong Wei Liang

COMPANY SECRETARY

Ms. Cheng Florence Ga Sui

AUTHORISED REPRESENTATIVES

Mr. Koh Lee Huat
Ms. Cheng Florence Ga Sui

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

10 Admiralty Street
#02–47 North Link Building
Singapore 757695

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1604–6, 16th Floor
ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. 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

COMPLIANCE ADVISER

Grande Capital Limited
Room 1204B, 12/F, Tower 2
Lippo Centre
89 Queensway
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISERS

AS TO HONG KONG LAW
Guantao & Chow Solicitors and Notaries
Suites 1604–6, 16/F
ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
CIMB Bank Berhad
Industrial and Commercial Bank of China (Asia) Limited

AUDITOR

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

COMPANY'S WEBSITE

www.hwakoon.com

STOCK CODE

1726

The board (the "Board") of directors (the "Directors") of HKE Holdings Limited (the "Company") announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Note	**Six months ended 31 December 2018 S$ (Unaudited)**	2017 S$ (Unaudited)
Revenue	4	**5,583,189**	8,333,248
Cost of services/sales		**(3,440,041)**	(4,894,407)
Gross profit		**2,143,148**	3,438,841
Other income	5A	**239,805**	14,064
Other gains/(losses)	5B	**35,490**	(7,878)
Administrative expenses		**(717,644)**	(424,612)
Listing expenses		**–**	(1,047,750)
Profit before taxation	6	**1,700,799**	1,972,665
Income tax expense	7	**(303,903)**	(479,761)
Profit for the period, representing total comprehensive income for the period		**1,396,896**	1,492,904
Earnings per share			
Basic and diluted	9	**0.17 cents**	0.25 cents

See accompanying notes to financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	773,293	664,937
Total non-current assets		773,293	664,937
Current assets			
Trade receivables	11	3,121,515	4,643,184
Other receivables, deposits and prepayments	12	194,493	153,293
Contract assets	13	2,982,917	—
Amounts due from customers for construction work	13	—	1,030,282
Restricted bank deposit	14	—	175,000
Bank balances and cash	14	21,986,099	21,042,512
Total current assets		28,285,024	27,044,271
Current liabilities			
Trade and other payables	15	883,595	895,249
Contract liabilities	13	65,781	—
Amounts due to customers for construction work	13	—	24,253
Income tax payable		1,005,014	1,083,066
Total current liabilities		1,954,390	2,002,568
Net current assets		26,330,634	25,041,703
Non-current liability			
Deferred tax liabilities	16	25,661	25,270
Total non-current liability		25,661	25,270
Net assets		27,078,266	25,681,370
EQUITY			
Capital and reserves			
Share capital	17	1,335,760	1,335,760
Share premium	18	15,352,340	15,352,340
Merger reserves		1,000,119	1,000,119
Accumulated profits		9,390,047	7,993,151
Equity attributable to owners of the Company		27,078,266	25,681,370

See accompanying notes to financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Share capital (Note 17) S$	Share premium (Note 18) S$	Merger reserve S$	Accumulated profits S$	Total S$
Balance at 1 July 2017	1,000,000	—	—	7,115,095	8,115,095
Profit for the period, representing total comprehensive income for the period	—	—	—	1,492,904	1,492,904
Transactions with owners, recognised directly in equity					
Issue of shares pursuant to the reorganisation (Note A)	136	—	—	—	136
Reorganisation	3,600,000	—	(3,600,000)	—	—
Balance at 31 December 2017 (unaudited)	4,600,136	—	(3,600,000)	8,607,999	9,608,135
Balance at 1 July 2018 (audited)	1,335,760	15,352,340	1,000,119	7,993,151	25,681,370
Profit for the period, representing total comprehensive income for the period	—	—	—	1,396,896	1,396,896
Balance at 31 December 2018 (unaudited)	1,335,760	15,352,340	1,000,119	9,390,047	27,078,266

Note A: The reserve arose from the share swap pursuant to agreement entered between Mr. Ang Kong Meng, Mr. Ryan Ong Wei Liang and Mr. Koh Lee Huat (all defined in Note 2) and the Company dated 2 March 2018 to which the Company acquired 200 shares in Philosophy Global Limited representing its entire issued share capital and in consideration thereof, 9,999 shares were issued and allotted by the Company, all credited as fully paid by the Company, credited as fully paid, to Skylight Illumination. Since then, the Company became the holding company of the Group, details of which are set out in Note 2.

See accompanying notes to financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	Six months ended 31 December 2018 S$ (Unaudited)	2017 S$ (Unaudited)
Operating activities		
Profit before taxation	**1,700,799**	1,972,665
Adjustments for:		
Depreciation of property, plant and equipment	**51,962**	52,356
Interest income	**(232,069)**	(5,615)
Unrealised foreign exchange gain	**16,771**	—
Operating cash flows before working capital changes	**1,537,463**	2,019,406
Movements in working capital:		
Decrease in trade receivables	**1,521,669**	579,985
Increase in other receivables, deposits and prepayments	**(41,200)**	(1,360,807)
Increase in contract assets/amounts due from customers for construction work	**(1,952,635)**	(512,759)
(Increase) Decrease in trade and other payables	**(11,654)**	450,342
Increase in contract liabilities/amounts due to customers for construction work	**41,528**	—
Cash generated from operations	**1,095,171**	1,176,167
Income tax paid	**(381,564)**	(313,555)
Net cash generated from operating activities	**713,607**	862,612
Investing activities		
Purchase of property, plant and equipment	**(160,318)**	(6,035)
Interests received	**232,069**	5,615
Net cash generated from (used in) investing activities	**71,751**	(420)
Financing activity		
Decrease in fixed deposit pledged	**175,000**	—
Net cash generated from financing activity	**175,000**	—
Net increase in cash and cash equivalents	**960,358**	862,192
Cash and cash equivalents at beginning of the year	**21,042,512**	3,836,269
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(16,771)**	—
Cash and cash equivalents at end of the year, represented by bank balances and cash	**21,986,099**	4,689,461

See accompanying notes to financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 August 2017. The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal place of business is at 10 Admiralty Street, #02–47 North Link Building, Singapore 757695. The Company is an investment holding company and the principal activities of its operating subsidiary, Hwa Koon Engineering Pte. Ltd., are provision of integrated design and building services in the medical and healthcare sectors with expertise in performing radiation shielding works.

The functional currency of the Company is Singapore dollars ("S$"), which is also the presentation currency of the Group.

The unaudited consolidated financial statements for the six months ended 31 December 2018 were approved by the Board of the Company on 21 January 2019.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In the previous financial year, for the purpose of the Listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a group reorganisation ("Group Reorganisation"). The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 31 December 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2018.

IFRS 9 "Financial instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained profits.

The adoption of IFRS 9 has impacted the following areas:

- for trade receivables, retention receivables and contract assets, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing cost; and

- at the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI").

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 and the related clarification to IFRS 15 (hereinafter referred to as "IFRS 15") presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 15 has been applied using the modified retrospective approach without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 July 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 July 2018.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 15 "Revenue from Contracts with Customers" (Continued)

In summary, the following reclassification was made to the amounts recognised in the consolidate statement of financial position at the date of initial application (i.e. 1 July 2018):

	Carrying amount as at 30 June 2018 under IAS 18	Reclassification	Carrying amount as at 1 July 2018 under IFRS 15
	S$	S$	S$
Current assets			
Amounts due from customers for construction work	1,030,282	(1,030,282)	—
Contract assets	—	1,030,282	1,030,282
Current liabilities			
Amounts due to customers for construction work	24,253	(24,253)	—
Contract liabilities	—	24,253	24,253

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

The adoption of IFRS 15 has no material impact on the Group's consolidated statement of profit or loss.

The Group has not applied the following new and amendments to IFRSs, International Accounting Standards ("IASs") and the new IFRIC relevant to the Group that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRIC 22	Foreign Currency Transactions and Advance Considerations[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after date to be determined

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (i) provision of services including preparation and consultation on building design and specifications, performance of building works (mainly including radiation shielding works, M&E works and fitting-out works) and assisting to obtain statutory approvals and certifications for the building works ("Integrated design and building services") to external customers, (ii) provision of maintenance services generally comprise conducting examinations, replacement of parts and repair works (if necessary) in relation to the radiation shielding works and mechanical & electronical works, and provision of other ancillary services generally include minor renovation and installation works, dismantling and disposal of used medical equipment, removal of construction waste materials, and cleaning of the work sites upon completion of building works, etc. ("Maintenance and other services") and (iii) sales of tools and materials (such as fabricated radiation shielding products, signage boards, lead sheet and lead glass) ("Sales of tools and materials").

Information is reported to the shareholder, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. "Integrated design and building services", "Maintenance and other services" and "Sales of tools and materials". No other analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial performance of the Group as a whole. Accordingly, the CODM has identified one operating segment. Only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the six months ended 31 December 2018 is as follows:

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Revenue from:		
Integrated design and building services	**5,317,012**	8,127,702
Maintenance and other services	**177,687**	194,648
Sales of tools and materials	**88,490**	10,898
	5,583,189	8,333,248

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the six months ended 31 December 2018 are as follows:

	Six months ended 31 December 2018 S$ (Unaudited)	2017 S$ (Unaudited)
Customer A	—*	912,205
Customer B	1,643,279	1,208,254
Customer C	1,470,372	1,400,655
Customer D	918,811	2,185,630
Customer E	562,697	—*
Customer F	—*	1,064,165

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the reporting period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. Revenue derived from Singapore represents 94.1% of total revenue for the six months ended 31 December 2018 (31 December 2017: 99.1%) based on the location of products, services delivered and the Group's property, plant and equipment which are all located in Singapore.

5A. OTHER INCOME

	Six months ended 31 December 2018 S$ (Unaudited)	2017 S$ (Unaudited)
Government grants	7,736	3,579
Interest income	232,069	5,615
Others	–	4,870
	239,805	14,064

5B. OTHER GAINS/(LOSSES)

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Gain arising on disposal of property, plant and equipment	**29,952**	—
Unrealised exchange gains/(losses), net	**5,538**	(7,889)
	35,490	(7,889)

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
Recognised as cost of services/sales	**35,470**	34,336
Recognised as administrative expenses	**16,492**	18,020
Annual audit fees paid to auditors of the Company	**50,000**	50,000
Listing expenses	**—**	1,047,750
Directors' and chief executive's remuneration	**199,271**	154,278
Other staff costs		
— Salaries and other benefits	**940,734**	871,374
— Contributions to CPF	**80,938**	62,638
Total staff costs	**1,021,672**	934,012
Cost of materials recognised as cost of services/sales	**949,830**	893,189
Subcontractor costs recognised as cost of services/sales	**984,260**	2,656,918

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (31 December 2017: 17%) on the estimated assessable profits arising in or derived from Singapore. No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits in Hong Kong for the period.

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	**303,512**	479,761
Deferred tax (credit) expense (Note 16)	**391**	—
	303,903	479,761

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2018 (31 December 2017: Nil).

The rates of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful having regard to the purpose of these consolidated financial statements.

9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (S$)	**1,396,896**	1,492,904
Weighted average number of ordinary shares in issue	**800,000,000**	600,000,000
Basic and diluted earnings per share	**0.17 cents**	0.25 cents

9. EARNINGS PER SHARE (CONTINUED)

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the six months ended 31 December 2017 is based on 600,000,000 shares, which were issued pursuant to the assumption that the reorganisation and the capitalisation issue as detailed in Note 17, and deemed to have been issued since 1 July 2017.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the six months ended 31 December 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery S$	Leasehold properties S$	Computers and office equipment S$	Motor vehicles S$	Furniture and fittings S$	Total S$
Cost						
At 1 July 2017	48,969	631,290	116,802	395,207	45,432	1,237,700
Additions	2,044	—	6,521	—	444	9,009
Disposals	—	—	(6,082)	—	(3,589)	(9,671)
At 30 June 2018 (audited)	51,013	631,290	117,241	395,207	42,287	1,237,038
Additions	6,960	—	5,598	147,760	—	160,318
Disposals	—	—	—	(152,112)	—	(152,112)
At 31 December 2018 (unaudited)	57,973	631,290	122,839	390,855	42,287	1,245,244
Accumulated depreciation						
At 1 July 2017	41,076	138,340	53,036	227,464	30,988	490,904
Charge for the year	3,995	11,689	19,860	52,177	3,147	90,868
Elimination on disposals	—	—	(6,082)	—	(3,589)	(9,671)
At 30 June 2018 (audited)	45,071	150,029	66,814	279,641	30,546	572,101
Charge for the year	2,699	5,845	9,070	32,771	1,577	51,962
Elimination on disposals	—	—	—	(152,112)	—	(152,112)
At 31 December 2018 (unaudited)	47,770	155,874	75,884	160,300	32,123	471,951
Carrying values						
At 30 June 2018 (audited)	5,942	481,261	50,427	115,566	11,741	664,937
At 31 December 2018 (unaudited)	10,203	475,416	46,955	230,555	10,164	773,293

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Trade receivables	**3,028,132**	4,482,202
Retention receivables (Note)	**98,383**	160,982
	3,121,515	4,643,184

Note: Retention monies withheld by customers of construction works are released after the completion of warranty period of the relevant contracts, which is usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle.

The Group grants credit terms to customers typically for 30, 60 or 90 days from the invoice date for trade receivables.

The table below is an analysis of trade receivables by age presented based on the invoice date at the end of each reporting period:

Analysis of trade receivables:

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Within 30 days	**597,368**	1,463,093
31 days to 60 days	**1,255,046**	780,394
61 days to 90 days	**124,769**	257,707
91 days to 180 days	**1,049,666**	1,959,864
181 days to 1 year	**1,283**	21,144
	3,028,132	4,482,202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Deposits	**103,505**	99,285
Prepayments	**60,515**	28,518
Advances to staff	**23,039**	14,670
Sundry receivables	**7,434**	10,820
	194,493	153,293

13. CONTRACT ASSETS/CONTRACT LIABILITIES

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Contract costs incurred plus recognised profits (less recognised losses) to date	**6,859,172**	7,496,999
Less: Progress billings	**(3,942,036)**	(6,490,970)
	2,917,136	1,006,029
Analysed for reporting purposes as:		
Contract assets	**2,982,917**	–
Contract liabilities	**(65,781)**	–
Amounts due from customers for construction work	**–**	1,030,282
Amounts due to customers for construction work	**–**	(24,253)
	2,917,136	1,006,029

The amount due from/to customers for construction work were reclassified to contract asset/contract liabilities on 1 July 2018 since the adoption of IFRS 15. See note 3 for further details.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. BANK BALANCES AND CASH

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Cash at Bank	**2,825,805**	3,073,399
Cash on hand	**10,636**	7,136
Fixed Deposit	**19,149,658**	18,136,977
	21,986,099	21,217,512
Less: Fixed Deposit (pledged)	**–**	(175,000)
Cash and cash equivalents in the statement of cash flows	**21,986,099**	21,042,512

As at 31 December 2018, approximately S$987,687 (30 June 2018: S$683,798) included in bank balances carry interest rate of 0.78% (30 June 2018: 0.78%) per annum.

Included in bank balances of 30 June 2018 is a fixed deposit amounting to S$175,000 which is placed for 12 months and carries interest rate of 0.25% per annum. As at 30 June 2018, the fixed deposit is pledged to bank for performance bonds issued in favour of a customer amounting to approximately S$174,000.

As at 31 December 2018, the Group has two S$ time deposit with maturity of one month and three months, carrying interest at 1.35% and 1.50% respectively per annum, amounting to S$1,000,000 and S$3,000,000 respectively (30 June 2018: S$3,200,000), and another United States Dollar ("US$") time deposit with a maturity of three months amounting to S$14,709,718 (30 June 2018: S$14,761,977) which carries interest at 2.88% per annum. The remaining balances do not carry interest.

15. TRADE AND OTHER PAYABLES

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Trade payables	512,788	300,474
Trade accruals	22,548	24,207
	535,336	324,681
Accrued operating expenses	143,891	178,809
Other payables		
GST payable	62,829	153,988
Payroll and CPF payable	103,811	235,958
Others	37,728	1,813
	348,259	570,568
	883,595	895,249

The credit period on purchases from suppliers and subcontractors is between 14 and 90 days or payable upon delivery and rendering of services.

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

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Within 90 days	512,788	300,400
91 days to 180 days	–	74
	512,788	300,474

16. DEFERRED TAX LIABILITIES

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
As at 1 July 2018/2017	25,270	25,652
(Credit) charged to profit or loss for the period (Note 6)	391	(382)
As at 31 December/30 June	25,661	25,270

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

17. SHARE CAPITAL

The issued share capital as at 30 June 2017 represented the share capital of Hwa Koon Engineering Pte Ltd comprising of 1,000,000 shares at S$1 each.

On 29 May 2017, Philosophy Global was incorporated in the BVI with limited liability. On 28 July 2017, 51 ordinary shares, 34 ordinary shares and 15 ordinary shares, all with no par value, of Philosophy Global were issued and allotted to Mr. Ang, Mr. Ong and Mr. Koh at cash consideration of US$51, US$34 and US$15, respectively. On 14 September 2017, Philosophy Global further issued 100 shares to Mr. Ang, Mr. Ong and Mr. Koh for exchange of their respective equity interest in Hwa Koon (details of which are set out in Note 2). On 18 August 2017, the Company was incorporated with an authorised share capital of HK$100,000 divided into 10,000,000 shares with par value of HK$0.01 each. On 18 August 2017, the Company allotted and issued one share.

On 2 March 2018, Mr. Ang, Mr. Ong and Mr. Koh, as vendors and the Company, as purchaser, entered into a sale and purchase agreement, pursuant to which the Company acquired by 102 ordinary shares, 68 ordinary shares and 30 ordinary shares of Philosophy Global, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh, respectively, for exchange of 9,999 shares issued and allotted by the Company, credited as fully paid, to Skylight Illumination. Upon the completion of the above acquisition on 2 March 2018, Philosophy Global became a wholly-owned subsidiary of the Company.

On 15 March 2018, the authorised share capital of the Company was increased from HK$100,000 to HK$15,000,000 by the creation of an additional of 1,490,000,000 shares of HK$0.10 each, each ranking pari passu with the shares.

17. SHARE CAPITAL (CONTINUED)

As part of the Share Offer, the Company allotted and issued a total of 599,990,000 shares to the shareholder(s) whose name(s) appear on the register of members or the principal share register of the Company at the close of business on 15 March 2018 (credited as fully paid at par, by way of capitalisation of the sum of HK$5,999,900 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

The Company was successfully listed on the Main Board of the Stock Exchange on 18 April 2018 by way of share offer of 200,000,000 shares at the price of HK$0.55 per share (the "Share Offer").

Movements of the issued share capital of the Company from its date of incorporation to 30 June 2018 and 31 December 2018 are as follows:

	No. of shares	S$
Issued and fully paid ordinary shares:		
At date of incorporation	1	—
Shares issued pursuant to the reorganisation	9,999	17
Shares issued under the Capitalisation Issue	599,990,000	1,001,803
Shares issued under the Share Offer	200,000,000	333,940
At 31 December 2018 (unaudited) and 30 June 2018 (audited)	800,000,000	1,335,760

18. SHARE PREMIUM

The amounts of the Group's share premium and the movements therein during the six months ended 31 December 2018 are presented in the consolidated statement of changes in equity.

Share premium represents the excess of consideration for the shares issued over the aggregate par value.

19. OPERATING LEASE COMMITMENTS

The Group as lessee

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Payment recognised as an expense during the year:		
Minimum lease payments paid during the period under operating leases in respect of staff dormitories	37,200	77,120

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

	31 December 2018 S$ (Unaudited)	30 June 2018 S$ (Audited)
Within 1 year	56,880	51,440
After 1 year but within 2 years	19,200	—
	76,080	51,440

Operating lease payments represent rentals payable by the Group for accommodation for foreign workers. The leases have tenures ranging from one to two years. The lease payments are fixed over the lease term and no contingent rent provision is included in the contracts.

20. RELATED PARTY TRANSACTIONS

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

Other than those disclosed in the financial statements, the Group entered into the following transactions with related parties:

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Provision of construction services		
Shieldtech Engineering & Construction Sdn. Bhd.	**328,623**	–

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Short term benefits	**387,303**	299,976
Post-employment benefits	**24,158**	21,935
Total compensation	**411,461**	321,911

21. APPROVAL OF THE INTERIM RESULTS

The unaudited consolidated interim financial statements for the six months ended 31 December 2018 were approved and authorised for issue by the board of Directors on 21 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

During the six months ended 31 December 2018, the revenue of the Group decreased by 33.0% to approximately S$5.6 million as compared to approximately S$8.3 million for the six months ended 31 December 2017. The drop in revenue was mainly contributed by delay in tendering processing of several sizeable tendered projects which the Group originally expected to be awarded during the six months ended 31 December 2018 and delay of work order for a few projects.

Over the years, the Singapore Government has progressively planned its healthcare facilities and infrastructure developments to meet growing demand for healthcare needs and at the same time strengthening its position as a regional medical hub. These developments include new building construction, refurbishment, addition and alteration works, demolition, repair and maintenance work on medical-related facilities. Example of recent new healthcare facilities construction projects include, the new national cancer centre that has commenced work in May 2017 and is expected to be completed in May 2020 and an extensive redevelopment and expansion master plan for the Singapore General Hospital Campus which will span across the next two decades. New clean rooms and radiology-related facilities are generally required in the new healthcare facilities. The Directors are therefore of the opinion that the Singapore Government's initiative to increase the medical-related facilities will, therefore, drive the demand for medical-related radiation shielding works.

FINANCIAL REVIEW

Revenue

The Group's principal operating activities are as follows: (i) integrated design and building services; (ii) maintenance and other services; and (iii) sales of tools and materials.

An analysis of the Group's revenue for the six months ended 31 December 2018 compared to the six months ended 31 December 2017 is as follows:

	Six months ended 31 December	
	2018	2017
	S$	S$
	(Unaudited)	(Unaudited)
Revenue from:		
Integrated design and building services	**5,317,012**	8,127,702
Maintenance and other services	**177,687**	194,648
Sales of tools and materials	**88,490**	10,898
	5,583,189	8,333,248

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue decreased from approximately S$8.3 million for the six months ended 31 December 2017 to approximately S$5.6 million for the six months ended 31 December 2018, representing a decrease of approximately S$2.7 million or 33.0%.

Revenue deriving from integrated design and building services decreased by approximately S$2.8 million or 34.6% from approximately S$8.1 million for the six months ended 31 December 2017 to approximately S$5.3 million for the six months ended 31 December 2018. Such decrease was mainly contributed by the delay in tendering processing of several sizeable tendered projects which the Group originally expected to be awarded during the six months ended 31 December 2018.

Revenue deriving from maintenance and other services decreased by 8.7% for the six months ended 31 December 2018 as compared to the six months ended 31 December 2017. The decrease was caused by lesser minor renovation and installation work orders from customer during the six months ended 31 December 2018.

The increase in sales of tools and materials by approximately $0.1 million or 712.0% was due to an increase in export sales of lead materials in the six months ended 31 December 2018.

Cost of Services/Sales

The Group's cost of services/sales decreased from approximately S$4.9 million for the six months ended 31 December 2017 to approximately S$3.4 million for the six months ended 31 December 2018, representing a decrease of approximately S$1.5 million or 29.7%.

Such decrease was mainly attributable to the decrease in sub-contracting costs which is due to the decrease in work done of integrated design and building services projects during the six months ended 31 December 2018, as explained above. The sub-contractor cost of the Group was approximately S$1.0 million in the six months ended 31 December 2018, representing a decrease of approximately S$1.7 million or 63.0% from approximately S$2.7 million in the six months ended 31 December 2017.

The decrease in sub-contracting costs was partly offset by the increase in direct labor cost by the Group during the six months ended 31 December 2018 by approximately S$0.2 million or 19.4% as compared to the six months ended 31 December 2017. The increase of direct labor cost was mainly because the Group has replaced part of its use of sub-contractor by in-house labor to reduce cost during the six months ended 31 December 2018.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 31 December 2018 amounted to approximately S$2.1 million, representing a decrease of approximately 37.7% as compared with approximately S$3.4 million for the six months ended 31 December 2017. The decrease in gross profit was due to decrease in revenue during the six months ended 31 December 2018 as compared to the corresponding period in 2017. The Group's gross profit margin for the six months ended 31 December 2018 was approximately 38.4%, as compared with approximately 41.3% for the six months ended 31 December 2017. The slight decrease in the gross profit margin over the six months ended 31 December 2017 was mainly attributable to the more competitive pricing provided to customer to secure new projects during the six months ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

The Group's other income increased by approximately S$0.2 million or 1,605.1% from the six months ended 31 December 2017 to approximately S$0.2 million for the six months ended 31 December 2018. Such increase in other income was mainly due to the interest income earned from placement of fixed deposits during the six months ended 31 December 2018.

Administrative Expenses

The Group's administrative expenses increased by approximately S$0.3 million or 69.0% from approximately S$0.4 million for the six months ended 31 December 2017 to approximately S$0.7 million for the six months ended 31 December 2018. The following is a discussion on the material changes in the components of administrative expense:

Total staff cost arising from administrative expenses (including directors' remuneration) increased by approximately S$0.1 million or 34.9% from approximately S$0.3 million for the six months ended 31 December 2017 to approximately S$0.4 million for the six months ended 31 December 2018. The increase was mainly contributed by the director fees paid to the independent non-executive Directors, and the staff bonus paid to the employees during the six months ended 31 December 2018.

The professional fees of the Group increased by S$0.2 million or 427.1% during the six months ended 31 December 2018 as compared to the corresponding period in 2017. Such increase was mainly due to the additional administrative and compliance cost as a listed company after the listing of the Company's shares (the "Listing").

Income Tax Expense

Income tax expense decreased from approximately S$0.5 million for the six months ended 31 December 2017 to approximately S$0.3 million for the six months ended 31 December 2018. Such decrease was due to the decrease in our profit before income tax, partially offset by the recognition of deferred tax liabilities which arose mainly from the excess of tax over book depreciation of plant and equipment.

Profit for the period

As a result of the above factors, the Group recorded a profit for the period of approximately S$1.4 million for the six months ended 31 December 2018 (31 December 2017: approximately S$1.5 million). The decrease was mainly due to the combined effect of lower gross profit and higher administrative expenses. But if the non-recurring Listing expenses incurred in the six months ended 31 December 2017 of approximately S$1.0 million were excluded, the Group would have recorded a profit of approximately S$2.5 million in the six months ended 31 December 2017, representing a difference of approximately S$1.1 million as compared to the six months ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board does not recommend a payment of an interim dividend in the six months ended 31 December 2018 (31 December 2017: Nil).

Liquidity, Financial Resources and Capital Structure

The Shares were successfully listed on The Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 April 2018 (the "Listing Date") and there has been no change in capital structure of the Group since then.

As at 31 December 2018, the Group had total cash and bank balances of approximately S$21.8 million (30 June 2018: approximately S$21.0 million).

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the six months ended 31 December 2018. 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.

Gearing ratio

Gearing ratio is calculated by dividing all borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2018 was 0% (31 December 2017: 0%).

Pledge of Assets

As at 31 December 2018, the Group had no (30 June 2018: S$0.2 million) pledged bank deposit.

Foreign Exchange Risk

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars and United States dollars amounting to approximately S$0.9 million and S$15.0 million, respectively, as at 31 December 2018 (31 December 2017: Nil) that are exposed to foreign exchange rate risks.

MANAGEMENT DISCUSSION AND ANALYSIS

Disposal of Subsidiaries and Associated Companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the six months ended 31 December 2018.

Future Plans for Material Investments or Capital Assets

Save for the business plan as disclosed in the prospectus of the Company dated 28 March 2018 (the "Prospectus"), the Group did not have other future plans for material investments or capital assets as at 31 December 2018.

Employees and Remuneration Policy

As at 31 December 2018, the Group employed a total of 40 full-time employees (including two executive Directors), as compared to the 37 full-time employees as at 31 December 2017. Total staff costs in the six months ended 31 December 2018 amounted to approximately S$1.2 million (31 December 2017: approximately S$1.0 million), which included Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes. In order to attract and retain valuable employees, the performance of the Group's employees are annually reviewed. The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Capital Commitments and Contingent Liabilities

As at 31 December 2018, the Group has not provided guarantee to any customer (30 June 2018: S$0.2 million).

As at 31 December 2018, the Group had no material capital commitments.

Use of Net Proceeds from the Listing

The net proceeds from the Listing, after deducting listing expenses (including underwriting fee), and other expenses arising from the Listing ("Net Proceeds") were approximately HK$84.0 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus. As stated in the Prospectus, our Company intended to apply the Net Proceeds for: (i) acquisition of additional property for workshop and office use; (ii) strengthening our manpower by recruiting additional staff; (iii) increasing our reserve for financing the issue of performance guarantees in favour of our customers; (iv) financing the acquisition of additional motor vehicles and additional machinery; (v) increasing our marketing efforts; and (vi) use as general working capital.

The Net Proceeds applied by the Group during the period from the Listing Date up to 31 December 2018 are as follows:

Use of Net Proceeds:	Planned use of Net Proceeds HK$'000	Actual use of Net Proceeds from the Listing Date to 31 December 2018 HK$'000	Unused amount HK$'000
Acquisition of additional property for workshop and office use (Note 1)	34,000	—	34,000
Recruiting additional staff	21,500	989	20,511
Issue of performance guarantees	4,800	143	4,657
Acquisition of additional motor vehicles and machinery	5,100	849	4,251
Increasing our marketing efforts	2,300	1,083	1,217
Use as general working capital	6,300	6,300	—

Note 1: As at 31 December 2018, the Directors were considering quotations from a few property agents in deciding the best location and price for the acquisition of the new property.

OTHER INFORMATION

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

As at 31 December 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 ("Model Code") of the Listing Rules were as follows:

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

Name of director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ang Kong Meng ("Mr. Ang") (Note 1)	Interest in a controlled corporation and interest held jointly with another person	600,000,000	75%
Mr. Ryan Ong Wei Liang ("Mr. Ong") (Note 1)	Interest in a controlled corporation and interest held jointly with another person	600,000,000	75%
Mr. Koh Lee Huat ("Mr. Koh") (Note 1)	Interest held jointly with another person	600,000,000	75%

Note:

1. 600,000,000 Shares are held by Skylight Illumination Limited ("Skylight Illumination") which is owned as to 51% by Mr. Ang, as to 34% by Mr. Ong and as to 15% by Mr. Koh. On 7 September 2017, Mr. Ang, Mr. Ong and Mr. Koh entered into the acting in concert confirmation to confirm, among other things, that they had been acting in concert with one another since the date on which they were contemporaneously the beneficial owners of shares and to continue to act in the same manner in the Company. Therefore, Mr. Ang, Mr. Ong and Mr. Koh are deemed to be interested in all the Shares held by Skylight Illumination under the SFO.

(b) Long position in the shares of associated corporations

Name of director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. Ang (Note 1)	Skylight Illumination	Beneficial owner	51	51%
Mr. Ong (Note 1)	Skylight Illumination	Beneficial owner	34	34%
Mr. Koh (Note 1)	Skylight Illumination	Beneficial owner	15	15%

Note:

1. The Company is owned as to 75% by Skylight Illumination. Skylight Illumination is owned as to 51% by Mr. Ang, as to 34% by Mr. Ong and as to 15% by Mr. Koh.

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

OTHER INFORMATION

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

As at 31 December 2018, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Skylight Illumination	Beneficial owner	600,000,000	75%
Mr. Ang (Note 1)	Interest in a controlled corporation and interest held jointly with another person	600,000,000	75%
Mr. Ong (Note 1)	Interest in a controlled corporation and interest held jointly with another person	600,000,000	75%
Mr. Koh (Note 1)	Interest held jointly with another person	600,000,000	75%
Ms. Ong Bee Eng (Note 2)	Interest of spouse	600,000,000	75%
Ms. Wang Weling, Joan (Note 3)	Interest of spouse	600,000,000	75%
Ms. Tan Peck Yen (Note 4)	Interest of spouse	600,000,000	75%

Notes:

1. Skylight Illumination is owned as to 51% by Mr. Ang, as to 34% by Mr. Ong and as to 15% by Mr. Koh. On 7 September 2017, Mr. Ang, Mr. Ong and Mr. Koh entered into the acting in concert confirmation to confirm, among other things, that they had been acting in concert with one another since the date on which they were contemporaneously the beneficial owners of shares and to continue to act in the same manner in the Company. Mr. Ang, Mr. Ong and Mr. Koh are deemed to be interested in all the Shares held by Skylight Illumination under the SFO.

2. Ms. Ong Bee Eng is the spouse of Mr. Ang. Ms. Ong is deemed to be interested in the Shares under the SFO.

3. Ms. Wang Weling, Joan is the spouse of Mr. Ong. Ms. Wang is deemed to be interested in the Shares under the SFO.

4. Ms. Tan Peck Yen is the spouse of Mr. Koh. Ms. Tan is deemed to be interested in the Shares under the SFO.

Save as disclosed above, as at 31 December 2018, 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.

OTHER INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the profiles of the Directors of the Company have been updated as follows:

EXECUTIVE DIRECTORS

Mr. Koh Lee Huat, aged 49, is the chief executive officer of the Company and an executive Director. He was appointed as a Director on 18 August 2017, and was redesignated as an executive Director on 17 September 2017. He is also a member of the remuneration committee of the Company with effect from 18 April 2018. Mr. Koh has been a director and a shareholder of Hwa Koon Engineering Pte Ltd ("Hwa Koon") since 25 January 2007. Mr. Koh 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. Mr. Koh is a director of Skylight Illumination Limited, being one of the controlling shareholders of the Company, and is also a director of Philosophy Global Limited. Mr. Koh is the nephew of Mr. Ang Hwa Koon by virtue of being the son of the brother of Mr. Ang Hwa Koon's wife. Mr. Ang Kong Meng is the brother of Mr. Ang Hwa Koon.

Mr. Koh has over 22 years of experience in the construction industry specialising in radiation shielding works. Mr. Koh gained technical work experience by starting as a technical officer at the Singapore Institute of Standards and Industrial Research (SISIR) in January 1995, eventually leading a team of technicians on laboratory tools calibration and field testing. Mr. Koh joined the Group in January 1996 as a site supervisor and was promoted to project manager in January 2002.

Mr. Koh obtained a Diploma in Mechanical Engineering from Ngee Ann Polytechnic of Singapore in August 1992. In addition, Mr. Koh obtained certificates of completion of the following courses: Introduction to Radiation Safety, conducted by The National University of Singapore in March 1996; Risk Management Course, conducted by Absolute Kinetics Consultancy Pte Ltd in November 2006; Building Construction Supervisors Safety Course, conducted by The Singapore Contractors Association Ltd (SCAL) SCAL Academy in April 2008; and Work-at-Height Course for Supervisors, conducted by Greensafe International Pte Ltd in November 2013.

OTHER INFORMATION

Mr. Ryan Ong Wei Liang, aged 35, is an executive Director. He was appointed as a Director on 18 August 2017, and was re-designated as an executive Director on 17 September 2017. He is also a member of the nomination committee of the Company with effect from 18 April 2018. Mr. Ong joined Hwa Koon in December 2011 and has taken up a senior management position since February 2013, and has been a director of Hwa Koon since 16 July 2015. Mr. Ong is responsible for business development of the Group and risk management of the Group's projects. Mr. Ong is a director of Skylight Illumination Limited, being one of the controlling shareholders of the Company, and is also a director of Philosophy Global Limited. Mr. Ong is the son of the brother of Mr. Ang Kong Meng's wife.

Mr. Ong has over 6 years of experience in the construction industry specialising in radiation shielding works. Prior to joining Hwa Koon, Mr. Ong was a relationship manager in consumer banking at Standard Chartered Bank (Singapore) Limited from July 2009 to November 2011. He joined Hwa Koon in December 2011 as a business development manager and was promoted to senior business manager on 1 February 2013. Mr. Ong became a director and a shareholder of Hwa Koon on 16 July 2015.

Mr. Ong obtained a Bachelor of Business (Management) from Royal Melbourne Institute of Technology of Australia in conjunction with Singapore Institute of Management in August 2009. In addition, Mr. Ong received certificates for completing the following courses: Building Construction Supervisors Safety Course, conducted by Tat Hong Training Centre in December 2011; Risk Management Course, conducted by NTUC LearningHub Pte Ltd in January 2012; Workplace Safety and Health, conducted by Singapore Workforce Development Agency in November 2012; Basic Ionising Radiation Safety (General) Course, conducted by Singapore Environment Institute, National Environment Agency Singapore in March 2015; Best Practices for Green and Gracious Builder in May 2016 conducted by Building and Construction Authority of Singapore.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Man Ho Simon, aged 45, was appointed as an independent non-executive Director on 15 March 2018. He is also a member of the audit committee of the Company and the chairman of the remuneration committee of the Company with effect from 18 April 2018. He is primarily responsible for providing independent judgment on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group.

Mr. Siu is a practicing solicitor of the High Court of Hong Kong and a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC. Mr. Siu is currently a partner of the law firm, Sit, Fung, Kwong & Shum, Solicitors, which he first joined as a solicitor in January 2000 and has been continuously serving there since then. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu also actively participates in charitable and social services in Hong Kong. He is currently acting as a legal advisor for United Hearts Youth Foundation and a honorable legal advisor of the Hong Kong Taekwondo Association as well as the school manager of The Association of Directors & Former Directors of Pok Oi Hospital Leung Sing Tak College. Mr. Siu obtained his Bachelor of Laws degree from the University of Hong Kong in November 1996.

Mr. Siu has been an independent non-executive director of each of Wai Yuen Tong Medicine Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 897), Brilliant Circle Holdings International Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1008), and Shuang Yun Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1706) since August

2001, March 2009, and October 2017, respectively. He was an independent non-executive director of Weiye Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1570) from March 2016 until December 2018.

Prof. Pong Kam Keung, aged 57, was appointed as an independent non-executive Director on 15 March 2018. He is also a member of the remuneration committee and the chairman of the nomination committee of the Company with effect from 18 April 2018. He is primarily responsible for providing independent judgment to bear on issuers of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group.

Prof. Pong has been a member of the Disciplinary Tribunal of the Hong Kong Institute of Chartered Secretaries since 2015. Prof. Pong was the chief prosecution officer of the Environment Protection Department of the Government from July 2004 to July 2013. He served as advisor to the Hong Kong Architecture Centre from 2011 to 2013. He was also a member of the Appeal Tribunal Panel of the Planning and Lands Branch of the Development Bureau of the Government from February 2007 to November 2012 and a member of the Advisory Committee on Barrier Free Access of the Buildings Department which expired in July 2003.

Prof. Pong obtained a degree of Bachelor of Science in Building Surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree of Master of Science in Property Investment from the City University of London, United Kingdom in December 1993, a degree of Bachelor of Laws through a distance learning program from the University of Wolverhampton, United Kingdom in September 1995, a Postgraduate Certificate in Laws from the University of Hong Kong in June 1997, a degree of Master of Science in Urban Planning from the University of Hong Kong in December 2005 and a degree of Master of Corporate Governance from the Hong Kong Polytechnic University in October 2008.

Prof. Pong is an authorised person (list of surveyors) registered with the Building Authority, such registration was renewed in September 2015. Prof. Pong is currently a certified tax adviser of the Taxation Institute of Hong Kong. Prof. Pong has been a fellow of the Hong Kong Institute of Construction Managers since August 2016, the Hong Kong Institute of Facility Management since July 2000, the Hong Kong Institute of Surveyors since November 2000, the Chartered Institute of Arbitrators since January 2001, the Royal Institution of Chartered Surveyor since January 2006 and the Hong Kong Institute of Chartered Secretaries since October 2012.

Prof. Pong was appointed as a non-executive director of Star Properties Group (Cayman Islands) Limited (stock code: 1560) from March 2016 and subsequently re-designated as an executive director from September 2018, a company listed on the Main Board of the Stock Exchange; and an independent non-executive director of Shuang Yun Holdings Limited (stock code: 1706) from October 2017, Wang Yang Holdings Limited (stock code: 1735) from March 2018 and FSM Holdings Limited (stock code: 1721) from June 2018, companies listed on the Main Board of the Stock Exchange. He was an executive director of Sundart Holdings Limited (stock code: 1568) from July 2015 to February 2018, a company listed on the Main Board of the Stock Exchange. Prof. Pong is also an adjunct professor in the Division of Environment of The Hong Kong University of Science and Technology from December 2013.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors' securities transactions throughout the six months period ended 31 December 2018.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 15 March 2018 (the "Scheme") and shall be valid until 15 March 2028. Pursuant to the Scheme, certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares. The purpose of the Scheme is to provide incentives or rewards to employees for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources. A summary of the principal terms of the Scheme is set out in the paragraph headed "Other Information — 1. Share Option Scheme" in Appendix IV to the in the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2018.

CORPORATE GOVERNANCE

During the six months ended 31 December 2018, the Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules.

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

During the six months ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 31 December 2018 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

By Order of the Board
HKE Holdings Limited
Koh Lee Huat
Chief Executive Officer and Executive Director

Hong Kong, 21 January 2019