



KING WAN CORPORATION LIMITED
(Company Registration No. 200001034R)

**Unaudited Condensed
Interim Financial Statements
For the Half Year Ended 30 September 2022**

TABLE OF CONTENTS

	PAGE
A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	2
C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	3
D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	4
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	5
F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2	16

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Increase/ (Decrease) %
		First Half Ended 30.09.2022 S\$'000	First Half Ended 30.09.2021 S\$'000	
Revenue	5	41,178	35,640	16
Cost of sales		(41,336)	(32,028)	29
Gross (loss)/profit		(158)	3,612	(104)
Other operating income		735	710	4
Administrative expenses		(5,326)	(2,528)	111
Other operating expenses		(60)	(8)	650
Share of profit of associates and joint venture		58	54	7
Loss allowance on trade receivables, other receivables and contract assets		(125)	(889)	(86)
Finance costs		(471)	(367)	28
(Loss)/Profit before income tax	7	(5,347)	584	(1,016)
Income tax credit/(expense)	8	280	(149)	(288)
(Loss)/Profit for the period		(5,067)	435	(1,265)
Other comprehensive (loss)/income:				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity securities carried at fair value through other comprehensive income ("FVTOCI")		(2,161)	5,365	(140)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		173	26	565
Other comprehensive (loss)/income for the period		(1,988)	5,391	(137)
Total comprehensive (loss)/income for the period		(7,055)	5,826	(221)
(Loss)/Profit attributable to:				
Owners of the Company		(5,055)	435	(1,262)
Non-controlling interests		(12)	-	nm
		(5,067)	435	(1,265)
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(7,043)	5,826	(221)
Non-controlling interests		(12)	-	nm
		(7,055)	5,826	(221)
(Losses)/Earnings per share (cents)				
Basic and diluted		(0.73)	0.12	

nm: not meaningful

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at	As at	As at	As at
		30.09.2022	31.03.2022	30.09.2022	31.03.2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances		9,390	17,649	4,122	4,516
Trade receivables	12	10,369	7,795	-	-
Other receivables and prepayments	14	6,678	6,458	15	12
Amount due from subsidiaries		-	-	5,707	5,428
Held-for-trading investments		85	162	-	-
Inventories		1,097	1,392	-	-
Contract assets	13	25,069	23,226	-	-
Total current assets		52,688	56,682	9,844	9,956
Non-current assets					
Other receivables	14	39,088	38,085	-	-
Property, plant and equipment	15	2,003	1,987	-	-
Right-of-use assets		2,215	2,324	-	-
Investment in subsidiaries		-	-	31,706	31,706
Investment in associates and joint venture		4,153	4,115	942	942
Investments	16	19,467	21,611	14,923	16,602
Deferred tax assets		724	359	-	-
Total non-current assets		67,650	68,481	47,571	49,250
Total assets		120,338	125,163	57,415	59,206
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	8,446	8,433	-	-
Trade payables and bills payables	17	38,246	36,965	-	-
Other payables		2,034	1,691	548	543
Contract liabilities		2,355	2,059	-	-
Lease liabilities	17	447	457	-	-
Amount due to a subsidiary		-	-	17,896	17,330
Provision for liabilities	18	3,339	2,228	-	-
Income tax payable		360	446	-	-
Total current liabilities		55,227	52,279	18,444	17,873
Non-current liabilities					
Bank borrowings	17	2,132	2,758	-	-
Lease liabilities	17	926	1,018	-	-
Total non-current liabilities		3,058	3,776	-	-
Total liabilities		58,285	56,055	18,444	17,873
Capital and reserves					
Share capital	19	53,797	53,797	53,797	53,797
Retained earnings		32,807	37,862	4,285	4,968
Foreign currency translation reserve		83	(90)	-	-
Investment revaluation reserve		(24,603)	(22,442)	(19,111)	(17,432)
Equity attributable to owners of the Company		62,084	69,127	38,971	41,333
Non-controlling interests		(31)	(19)	-	-
Total equity		62,053	69,108	38,971	41,333
Total liabilities and equity		120,338	125,163	57,415	59,206

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		First Half Ended 30.09.2022 S\$'000	First Half Ended 30.09.2021 S\$'000
Operating activities			
(Loss)/Profit before income tax		(5,347)	584
Adjustments for:			
Bad trade debt written off		-	*
Contract assets written off		1,048	-
Change in fair value of held-for-trading investments		77	16
Change in fair value of insurance contract		(17)	(4)
Depreciation of property, plant and equipment		292	283
Depreciation of right-of-use assets		268	246
Dividend income from held-for-trading investments		*	*
Fee income from financial guarantee to associates and joint venture		(40)	(49)
Gain on disposal of property, plant and equipment		(36)	(34)
Interest income		(480)	(458)
Interest expense		471	367
Loss allowance for trade receivables, other receivables and contract assets		129	889
Share of profit of associates and joint venture		(58)	(54)
Provision for liabilities		1,133	-
Operating cash flows before movements in working capital		(2,560)	1,786
Trade receivables		(2,578)	(278)
Other receivables and prepayments		(220)	144
Contract assets		(2,891)	213
Contract liabilities		296	1,844
Inventories		295	49
Trade payables and bill payables		1,281	(3,416)
Other payables		383	220
Provision for liabilities		(22)	(320)
Cash generated from/(used in) operations		(6,016)	242
Income tax paid		(172)	(74)
Interest paid		(471)	(367)
Net cash used in operating activities		(6,659)	(199)
Investing activities			
Interest received		6	3
Advances to associates and joint venture		(472)	-
Dividends received from held-for-trading investments		*	*
Purchase of property, plant and equipment		(316)	(223)
Proceeds from disposal of property, plant and equipment		45	45
Purchase of right-of-use assets	A	-	(17)
Net cash used in investing activities		(737)	(192)
Financing activities			
Proceeds from issue of shares		-	6,983
Repayments of lease liabilities		(261)	(276)
Repayments of bank borrowings		(613)	(2,901)
Net cash (used in)/from financing activities		(874)	3,806
Net (decrease)/increase in cash and cash equivalents		(8,270)	3,415
Cash and cash equivalents at the beginning of the financial period		17,649	11,130
Effect of foreign exchange rate changes on balances held in foreign currencies		11	(12)
Cash and cash equivalents at end of the period		9,390	14,533

* Amount less than \$1,000.

Note A:

During 1H2023, the Group acquired right-of-use assets with an aggregate cost of \$159,000 (1H2022 : \$157,000) of which \$159,000 (1H2022 : \$140,000) was financed by hire-purchase agreements.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Investment revaluation reserve S\$'000	Equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Group								
Balance as at 1 April 2021		46,814	37,257	(90)	(24,878)	59,103	-	59,103
Total comprehensive income for the financial period:								
Profit for the financial period		-	435	-	-	435	-	435
Other comprehensive income for the financial period		-	-	26	5,365	5,391	-	5,391
Total		-	435	26	5,365	5,826	-	5,826
Transactions with owners, recognised directly in equity:								
Issue of share capital		6,983	-	-	-	6,983	-	6,983
Balance as at 30 September 2021		<u>53,797</u>	<u>37,692</u>	<u>(64)</u>	<u>(19,513)</u>	<u>71,912</u>	<u>-</u>	<u>71,912</u>
Balance as at 1 April 2022		53,797	37,862	(90)	(22,442)	69,127	(19)	69,108
Total comprehensive loss for the financial period:								
Loss for the financial period		-	(5,055)	-	-	(5,055)	(12)	(5,067)
Other comprehensive loss for the financial year		-	-	173	(2,161)	(1,988)	-	(1,988)
Total		-	(5,055)	173	(2,161)	(7,043)	(12)	(7,055)
Balance as at 30 September 2022		<u>53,797</u>	<u>32,807</u>	<u>83</u>	<u>(24,603)</u>	<u>62,084</u>	<u>(31)</u>	<u>62,053</u>
Company								
Balance as at 1 April 2021		46,814	5,936	-	(19,324)	33,426	-	33,426
Total comprehensive income for the financial period:								
Loss for the financial period		-	(614)	-	-	(614)	-	(614)
Other comprehensive income for the financial period		-	-	-	4,166	4,166	-	4,166
Total		-	(614)	-	4,166	3,552	-	3,552
Transactions with owners, recognised directly in equity:								
Issue of share capital		6,983	-	-	-	6,983	-	6,983
Balance as at 30 September 2021		<u>53,797</u>	<u>5,322</u>	<u>-</u>	<u>(15,158)</u>	<u>43,961</u>	<u>-</u>	<u>43,961</u>
Balance as at 1 April 2022		53,797	4,968	-	(17,432)	41,333	-	41,333
Total comprehensive loss for the financial period:								
Loss for the financial period		-	(683)	-	-	(683)	-	(683)
Other comprehensive loss for the financial period		-	-	-	(1,679)	(1,679)	-	(1,679)
Total		-	(683)	-	(1,679)	(2,362)	-	(2,362)
Balance as at 30 September 2022		<u>53,797</u>	<u>4,285</u>	<u>-</u>	<u>(19,111)</u>	<u>38,971</u>	<u>-</u>	<u>38,971</u>

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

King Wan Corporation Limited (the "Company") is incorporated in Singapore with its registered office and principal place of business at No. 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principle activities of the Group are those relating to provision of mechanical and electrical engineering services, rental of mobile lavatories and other facilities, and other investments.

2. Basis of preparation

The condensed interim financial statements for the half year ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), except for the adoption of amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are included in the following notes:

- Note 5 : Revenue recognition and contract costs from construction contracts
- Notes 12 & 13 : Loss allowances for trade receivables and contract assets
- Note 14 : Recoverability of amounts due from associates and joint venture

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following reportable business segments under SFRS(I) 8:

Segment	Principal activities
Plumbing and sanitary	Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.
Electrical & ACMV	Provision of electrical engineering services include the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air-conditioning and mechanical ventilation systems.
Toilet rental	Rental and operating of mobile lavatories and other facilities.
Investment holdings	The Group's investment in associates and joint venture, and investment in equity securities carried at FVTOCI.
Others	For those other activities which do not fall into the above categories.

These operating segments are reported in a manner consistent with internal reporting provided to Chairman, Managing Director and Executive Director who are responsible for allocating resources and assessing performance of the operating segments.

Business segments

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
<u>1 April 2022 to 30 September 2022</u>							
Revenue							
External sales	23,512	15,654	2,007	-	5	-	41,178
Intersegment sales	182	-	43	-	-	(225)	-
Total revenue	<u>23,694</u>	<u>15,654</u>	<u>2,050</u>	<u>-</u>	<u>5</u>	<u>(225)</u>	<u>41,178</u>
Results							
Segment result	<u>(3,311)</u>	<u>(1,835)</u>	<u>333</u>	<u>(67)</u>	<u>3</u>	<u>40</u>	<u>(4,837)</u>
Unallocated expenses							(711)
Net other operating income							672
Finance costs							(471)
Loss before income tax							<u>(5,347)</u>
Income tax expense							280
Loss for the year							<u><u>(5,067)</u></u>

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

Business segments (cont'd)

	Plumbing and sanitary SS'000	Electrical & ACMV SS'000	Toilet rental SS'000	Investment holdings SS'000	Others SS'000	Elimination SS'000	Consolidated SS'000
Other Information							
Capital expenditures additions	126	69	149	-	131	-	475
Fee income from financial guarantee to associates and joint venture	-	-	-	40	-	-	40
Depreciation	7	7	132	-	414	-	560
Loss allowance for amounts due from associates	-	-	-	125	-	-	125
Loss allowance for trade receivables and contract assets	-	-	4	-	-	-	4

As at 30 September 2022

Assets

Segment assets	25,010	10,807	3,289	65,995	22	-	105,123
Unallocated assets							15,215
Consolidated total assets							<u>120,338</u>

Liabilities

Segment liabilities	29,638	13,955	712	-	-	-	44,305
Unallocated liabilities							13,980
Consolidated total liabilities							<u>58,285</u>

**1 April 2021 to
30 September 2021**

Revenue

External sales	18,967	14,167	2,506	-	-	-	35,640
Intersegment sales	-	-	28	-	-	(28)	-
Total revenue	<u>18,967</u>	<u>14,167</u>	<u>2,534</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>35,640</u>

Results

Segment result	956	(871)	847	54	-	2	988
Unallocated expenses							(678)
Net other operating income							641
Finance costs							(367)
Loss before income tax							584
Income tax expense							(149)
Loss for the year							<u>435</u>

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

Business segments (cont'd)

	Plumbing and sanitary S\$'000	Electrical & ACMV S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
Other Information							
Capital expenditures additions	7	7	101	-	265	-	380
Fee income from financial guarantee to associates and joint venture	-	-	-	-	49	-	49
Depreciation	6	6	120	-	397	-	529
Loss allowance for amounts due from associates	-	-	-	-	-	-	-
Loss allowance for trade receivables and contract assets	539	350	-	-	-	-	889

As at 30 September 2021

Assets							
Segment assets	24,524	8,360	3,262	68,991	-	-	105,137
Unallocated assets							20,991
Consolidated total assets							<u>126,128</u>
Liabilities							
Segment liabilities	25,193	12,775	1,460	-	-	-	39,428
Unallocated liabilities							14,788
Consolidated total liabilities							<u>54,216</u>

Geographical segments

The Group operates mainly in Singapore. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Non-current assets other than the financial assets at FVTOCI, financial assets at amortised cost, deferred tax assets and other receivables are based on geographical location of the assets.

	Revenue		Non-current assets	
	First Half 30.09.2022 S\$'000	First Half 30.09.2021 S\$'000	As at 30.09.2022 S\$'000	As at 31.03.2022 S\$'000
Singapore	41,178	35,640	7,936	7,991

Information about major customer

Included in revenues arising from construction contracts on plumbing and sanitary, and electrical of S\$38,408,000 (1H2022: S\$33,134,000) are revenues of approximately S\$6,232,000 (1H2022: S\$13,258,000) which arose from construction works performed to the Group's 1 (1H2022: 2) external customers.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

5. Revenue

The Group derives its revenue from the transfer of services over time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 4).

A disaggregation of the Group's revenue for the financial period is as follows:

	Group	
	First Half	First Half
	30.09.2022	30.09.2021
	S\$'000	S\$'000
Revenue from:		
Construction contracts		
- Plumbing and sanitary	23,512	18,967
- Electrical & ACMV	15,654	14,167
Rendering of services		
- Toilet rental	2,012	2,506
	41,178	35,640

Timing of revenue recognition

Over time	41,178	35,640
Right to receive established	-	-
	41,178	35,640

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 March 2022:

	Group		Company	
	30.9.2022	31.03.2022	30.9.2022	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	65,358	69,833	9,826	9,944
Fair value through profit or loss	341	401	-	-
Fair value through other comprehensive income	19,211	21,372	14,923	16,602
	84,910	91,606	24,749	26,546
Financial liabilities				
Financial liabilities at amortised cost	52,231	51,322	18,444	17,873

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

7. (Loss)/Profit before income tax

7.1. Significant items

	Group	
	First Half	First Half
	30.09.2022	30.09.2021
	S\$'000	S\$'000
Other income		
Lease income from:		
- Associate	8	8
- External parties	-	-
Government grants	85	17
Management fee income from associates	55	54
Interest income from:		
- Associates and joint venture	474	455
- External parties	6	3
Fee income from financial guarantee to associates and joint venture	40	49
Gain on disposal of property, plant and equipment	36	34
Expenses		
Depreciation of property, plant and equipment	292	283
Depreciation of right-of-use assets	268	246
Loss allowance for:		
- trade receivables	4	141
- contract assets	-	748
- amounts due from associates	125	-
Contract assets written off	1,048	-

7.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

8. Income tax (credit)/expense

	Group	
	First Half	First Half
	30.09.2022	30.09.2021
	S\$'000	S\$'000
Current tax	153	251
Deferred tax	(365)	374
Over provision of current tax in prior years	(68)	(476)
	<u>(280)</u>	<u>149</u>

Domestic income tax is calculated at 17% (30 September 2021: 17%) of the estimated assessable (loss)/profit for the financial period.

9. (Loss)/Earnings per share

Basic (losses)/earnings per share is calculated by dividing the Group's (loss)/profit for the financial period by the weighted average number of ordinary shares in issue during the financial period as follows:

	Group	
	First Half	First Half
	30.09.2022	30.09.2021
Net (loss)/profit attributable to shareholders of the Company (\$'000)	<u>(5,067)</u>	<u>435</u>
Total number of shares in issue ('000)	698,354	698,354
Basic and diluted (losses)/earnings per share (in cents)	<u>(0.73)</u>	<u>0.12</u>

The fully diluted (losses)/earnings per share is calculated using the same weighted number of ordinary shares as there are no dilutive potential ordinary shares.

10. Dividends

	Group	
	First Half	First Half
	30.09.2022	30.09.2021
	S\$'000	S\$'000
Dividends paid	-	-
Dividend per share (net of tax)	<u>-</u>	<u>-</u>

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

11. Net Asset Value

	Group		Company	
	30.9.2022	31.03.2022	30.9.2022	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value per ordinary share (cents)	8.89	9.90	5.58	5.92
Total number of shares in issue ('000)	698,354	698,354	698,354	698,354

12. Trade receivables

	Group	
	30.9.2022	31.03.2022
	S\$'000	S\$'000
Amounts receivable from construction contract customer:	13,036	10,431
Amounts receivable from rendering of services	763	790
	<u>13,799</u>	<u>11,221</u>
Less: Loss allowance for trade receivables	(3,430)	(3,426)
Net	<u>10,369</u>	<u>7,795</u>

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime expected credit losses (“ECL”). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the end of the financial period.

13. Contract assets

	Group	
	30.9.2022	31.03.2022
	S\$'000	S\$'000
Retention monies on construction contracts	2,363	3,562
Accrued income from construction contracts	23,413	20,371
	<u>25,776</u>	<u>23,933</u>
Less: Loss allowance for contract assets	(707)	(707)
	<u>25,069</u>	<u>23,226</u>

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses on contract assets are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the end of the financial period.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

14. Other receivables

	Group	
	30.9.2022	31.03.2022
	S\$'000	S\$'000
Current:		
- Amounts due from associate	6,117	6,117
- Other receivables	277	112
- Prepayments	167	154
- Deposits	181	139
	<u>6,742</u>	<u>6,522</u>
Less: Loss allowance for other receivables	(64)	(64)
	<u>6,678</u>	<u>6,458</u>
Amounts due from associates and joint venture	81,030	79,832
Less: Loss allowance for amounts due from associates	(41,942)	(41,747)
	<u>39,088</u>	<u>38,085</u>

For loans to or amount due from associates and joint venture, the Group has applied the credit-impaired approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses has been determined after taking into account the historical default experience and the financial position of the counterparties, adjusted for underlying assets held by respective receivables and factors that are specific to these receivables.

15. Property, plant and equipment

During the six months ended 30 September 2022, the Group acquired assets amounting to S\$316,000 (30 September 2021: S\$223,000) and disposed of assets amounting to S\$9,000 (30 September 2021: S\$11,000).

16. Investments

	Group		Company	
	30.9.2022	31.03.2022	30.9.2022	31.03.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares, at FVTOCI	19,211	21,372	14,923	16,602
Insurance contract, at fair value through profit or loss	256	239	-	-
	<u>19,467</u>	<u>21,611</u>	<u>14,923</u>	<u>16,602</u>

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at the end of the financial period, the fair value measurements of held-for-trading investment carried at fair value through profit or loss and investment in equity securities carried at FVTOCI for the Group and the Company were determined based on quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1).

The fair value of the life insurance policy is based on the cash surrender value of the contracts stated in the quarterly statement of the policy (level 2).

There is no transfer between levels of the fair value hierarchy during the current period and prior period.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

17. Group's borrowings and debt securities

	Group	
	30.9.2022	31.03.2022
	S\$'000	S\$'000
Amount repayable in one year, or on demand		
- Secured	138	161
- Unsecured	29,158	29,905
	<hr/> <hr/>	<hr/> <hr/>
Amount repayable after one year		
- Secured	427	358
- Unsecured	2,132	2,758
	<hr/> <hr/>	<hr/> <hr/>

Details of any collateral

Secured liabilities refer to assets acquired under lease agreements. Unsecured liabilities refer to banking facilities guaranteed by the Company.

18. Provision for liabilities

	Group	
	30.9.2022	31.03.2022
	S\$'000	S\$'000
Provision for onerous contracts	2,907	1,547
Provision for rectification cost	432	381
Other provision	-	300
	<hr/> <hr/>	<hr/> <hr/>

Provision for onerous contracts

The Group has ongoing construction contracts. The provision for onerous contracts is recognised at the end of the financial year as it is probable that the total construction contract costs will exceed the total construction contract revenue for certain projects.

Provision for rectification cost

The Group has a contractual commitment to rectify defects works for its construction contracts during the defects liability period. A provision is recognised at the end of the financial year for the expected defects costs based on past experience of the level of defects.

Other provision

In February 2022, the Group's wholly owned subsidiary, King Wan Construction Pte Ltd ("KWC") received a notice from a customer purporting to terminate the contract, alleging certain breaches relating to rectification works, testing and commissioning, and submission of certain documents as required under the contract. Accordingly, KWC had disputed the allegations and informed the customer that the termination of the contract was wrongful. As at 31 March 2022, Management estimated the value of the remaining outstanding works and other potential obligations under the contract and made a provision amounting to S\$300,000. In September 2022, KWC and the customer entered into a settlement agreement without admission of any liability to fully and finally settle all claims and disputes. Accordingly, the provision is no longer required and hence it is fully reversed.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

19. Share capital

	Group and Company			
	30.9.2022	31.03.2022	30.9.2022	31.03.2022
	Number of shares ('000)		S\$'000	S\$'000
Beginning of period	698,354	349,177	53,797	46,814
Issue of shares by virtue of Rights Issue	-	349,177	-	6,983
End of period	<u>698,354</u>	<u>698,354</u>	<u>53,797</u>	<u>53,797</u>

The Company did not hold any treasury shares as at 30 September 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022 and 31 March 2022.

On 8 September 2021, the Company issued 349,176,870 Rights shares for total consideration of S\$6,983,000.

20. Use of proceeds

On 8 September 2021, the Company had completed a renounceable non-underwritten rights issue of 349,176,870 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.02 for each Rights Share, on the basis of one (1) Rights Share for every one (1) ordinary share in the capital of the Company held by each shareholder of the Company (the "Rights Issue") with total gross proceeds amounted to approximately S\$6.98 million.

As at the date of this Announcement, the status of the proceeds was as follows:

Intended use of gross proceeds	Amount allocated S\$'million	Amount utilised S\$'million	Balance of proceeds S\$'million
Expenses incurred in connection with the Rights Issue	0.23	(0.23) ¹	-
Expansion and growth of existing business and/or financing of potential strategic joint ventures	3.71	-	3.71
General working capital	3.04	(2.74) ²	0.30
Total	6.98	(2.97)	4.01

¹ Expenses incurred in relation to the Rights Issue relate to professional fees, processing fee, admin and handling fee.

² General working capital utilised for payments made to suppliers for supply of materials and labour in relation to construction projects.

21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed interim consolidated statement of financial position of King Wan Corporation Limited and its subsidiaries as at 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

a. Consolidated statement of profit or loss and other comprehensive income

The Group's revenue increased by S\$5.5 million to S\$41.2 million in 1H2023. The increase was mainly due to an increase in construction activities.

Gross loss margin for 1H2023 was 0.4%, compared to gross profit margin of 10.1% achieved in 1H2022. The decrease was mainly due to increase in material and manpower costs for pre-pandemic projects amid the challenging economic conditions.

Administrative expenses increased by S\$2.8 million to S\$5.3 million in 1H2023. The increase was due to higher staff cost, professional fee, payout of S\$1 million settlement fee without admission of any liability to fully and finally settle all claims and disputes with a customer and corresponding contract assets written off amounting to S\$1.1 million.

Other operating expenses increased by S\$52,000 to S\$60,000 in 1H2023. The increase was mainly due to fair value loss on held-for-trading investments.

Loss allowance on trade receivables, other receivables and contract assets decreased by 86% to S\$0.1 million in 1H2023 was mainly due to absence of loss allowance made for trade receivables and contract assets due from certain main contractors which were being wound up.

Finance costs increased by 28% to S\$0.5 million in 1H2023. The increase was mainly due to higher effective borrowing interest rate.

Income tax credit was S\$0.3 million in 1H2023 compared to S\$0.1 million income tax expense in 1H2022. The decrease was due to loss incurred.

As a result of the above, the Group's loss after tax amounted to S\$5.1million in 1H2023, compared to profit after tax of S\$0.4 million in 1H2022.

Net fair value loss on investment in equity securities carried at FVTOCI amounted to S\$2.2 million in 1H2023 was due to decrease in the quoted closing market price to THB 4.50 as at 30 September 2022 from THB 5.15 as at 31 March 2022, and depreciation of THB against SGD. These securities pertain to investment in quoted equity shares of Kaset Thai International Sugar Corporation Public Company Limited listed on Thailand Stock Exchange.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

b. Statement of financial position

The Group's equity base stood at S\$62.1 million as at 30 September 2022, a decrease from S\$69.1 million as at 31 March 2022.

Total current assets amounted to S\$52.7 million as at 30 September 2022, lower than the S\$56.7 million as at 31 March 2022. The decrease was mainly due to S\$8.3 million decrease in cash and bank balances. This was partially offset by the S\$2.6 million increase in trade receivables and S\$1.8 million increase in contract assets due to an increase in construction activities.

Non-current assets decreased to S\$67.7 million as at 30 September 2022 from S\$68.6 million as at 31 March 2022. The decrease was mainly due to S\$2.2 million decrease in net fair value of investment in equity securities carried at FVTOCI at the end of the reporting period. This is partially offset by the advances to associates and joint venture amounting to S\$0.5 million and accrual of interest income on net carrying value of advances to associates and joint venture amounting S\$0.5 million.

Current liabilities increased to S\$55.2 million as at 30 September 2022 from S\$52.4 million as at 31 March 2022. The increase was mainly due to S\$1.3 million increase in trade payables and bills payables as a result of an increase in construction activities and S\$1.1 million increase in provision of liabilities due to operating losses arising from the increase in material and manpower costs for pre-pandemic projects amid the challenging economic conditions.

Non-current liabilities decreased to S\$3.1 million as at 30 September 2022 from S\$3.8 million as at 31 March 2022 was mainly due to net repayment of bank borrowings and lease liabilities amounted to S\$0.7 million.

c. Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$6.7 million in 1H2023, compared to S\$0.2 million in 1H2022. The increase in outflow was mainly due to loss for the period, after changes in working capital and other adjustments.

Net cash used in investing activities amounted to S\$0.7 million in 1H2023, compared to S\$0.2 million in 1H2022. The increase in outflow was mainly due to advances of loans to associates and joint venture of the Group and increase in purchase of property, plant and equipment for operations use.

Net cash used in financing activities amounted to S\$0.9 million in 1H2023, compared to inflow of S\$3.8 million in 1H2022. The net outflow was due to absence of proceeds from issue of shares, which was partially offset by the decrease in repayments of bank borrowings and lease liabilities.

As a result of the aforementioned, cash and cash equivalents stood at S\$9.4 million as at 30 September 2022.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast had been issued.

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

According to press release issued by Singapore Ministry of Trade and Industry ("MTI") on 11 August 2022, MTI had narrowed Singapore's GDP growth forecast for 2022 to "3.0 to 4.0 per cent", from "3.0 to 5.0 per cent". Since May 2022, the global economic environment has deteriorated further. Stronger than-expected inflationary pressures and the more aggressive tightening of monetary policy in response are expected to weigh on growth in major advanced economies such as the US and Eurozone. On balance, MTI's assessment is that the external demand outlook for the Singapore economy has weakened compared to three months ago. At the same time, downside risks in the global economy remain significant.

According to subsequent press release issued by MTI on 14 October 2022, both public and private construction output picked up during the quarter, supported in part by the easing of border restrictions on the inflow of migrant workers. In absolute terms, the value-added of the sector remained 18.0 per cent below its pre-pandemic (i.e., third quarter of 2019) level.

While the construction activities have gradually resumed, the construction progress continued to be hampered by the labour shortage. Compounded with the increase in cost of materials, we expect the Mechanical & Electrical ("M&E") engineering business to be challenging in the next 12 months and face pressures from rising costs amid the challenging economic environment. Based on order books secured, the M&E business will remain the core business for the Group. The M&E business and the rental of portable lavatories will continue to generate income streams for the Group.

As at the date of this Announcement, the Group has approximately S\$166.8 million worth of M&E engineering contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.

5. Dividend information

a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

c. Date Payable

Not applicable

d. Books Closure Date

Not applicable

**KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2022**

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transaction

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chua Eng Eng
Managing Director

14 November 2022

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

14 November 2022