



KING WAN CORPORATION LIMITED

(Company Registration No. 200001034R)

**Unaudited Condensed
Interim Financial Statements
For the Half Year Ended 30 September 2021**

KING WAN CORPORATION LIMITED
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 30 SEPTEMBER 2021

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

	Note	Group		Increase/ (Decrease) %
		First Half 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000	
Revenue	5	35,640	6,558	443
Cost of sales		(32,028)	(6,777)	373
Gross profit		3,612	(219)	(1,749)
Other operating income		710	1,143	(38)
Administrative expenses		(2,528)	(2,159)	17
Other operating expenses		(8)	(57)	(86)
Share of profit of associates and joint venture		54	79	(32)
Loss allowance on trade receivables, other receivables and contract assets		(889)	(5)	17,680
Finance costs		(367)	(560)	(34)
Profit/(Loss) before income tax	7	584	(1,778)	(133)
Income tax expense	8	(149)	(53)	181
Profit/(Loss) for the period		435	(1,831)	(124)
Other comprehensive loss:				
<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")		5,365	(2,222)	(341)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		26	(135)	(119)
Other comprehensive income/(loss) for the period		5,391	(2,357)	(329)
Total comprehensive income/(loss) for the period		5,826	(4,188)	(239)
Earnings/(Losses) per share (cents)				
Basic and diluted		0.06	(0.52)	

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at	As at	As at	As at
		30.09.2021	31.03.2021	30.09.2021	31.03.2021
		S\$	S\$	S\$	S\$
ASSETS					
Current assets					
Cash and bank balances		14,533	11,130	7,080	120
Trade receivables	12	10,496	10,359	-	-
Other receivables and prepayments		6,529	6,661	9	15
Amount due from subsidiaries		-	-	5,259	5,244
Held-for-trading investments		141	157	-	-
Inventories		1,154	1,203	-	-
Contract assets	13	21,785	22,746	-	-
Total current assets		54,638	52,256	12,348	5,379
Non-current assets					
Other receivables	14	38,512	38,021	-	-
Property, plant and equipment	15	1,946	2,017	-	-
Right-of-use assets		2,245	2,334	-	-
Investment in subsidiaries		-	-	31,699	31,699
Investment in associates and joint venture		3,998	3,953	942	942
Investments	16	24,536	19,167	18,876	14,710
Deferred tax assets		253	500	-	-
Total non-current assets		71,490	65,992	51,517	47,351
Total assets		126,128	118,248	63,865	52,730
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	8,546	10,867	-	-
Trade payables and bills payables	17	32,620	36,036	-	-
Other payables		1,866	1,695	558	667
Contract liabilities		3,572	1,728	-	-
Lease liabilities	17	502	522	-	-
Amount due to a subsidiary		-	-	19,344	18,635
Provision for liabilities		2,001	2,321	-	-
Income tax payable		635	934	2	2
Deferred tax liabilities		127	-	-	-
Total current liabilities		49,869	54,103	19,904	19,304
Non-current liabilities					
Bank borrowings	17	3,378	3,958	-	-
Lease liabilities	17	969	1,084	-	-
Total non-current liabilities		4,347	5,042	-	-
Total liabilities		54,216	59,145	19,904	19,304
Capital and reserves					
Share capital	18	53,797	46,814	53,797	46,814
Retained earnings		37,692	37,257	5,322	5,936
Foreign currency translation reserve		(64)	(90)	-	-
Investment revaluation reserve		(19,513)	(24,878)	(15,158)	(19,324)
Total equity		71,912	59,103	43,961	33,426
Total liabilities and equity		126,128	118,248	63,865	52,730

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		First Half 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000
Operating activities			
Profit/(Loss) before income tax		584	(1,778)
Adjustments for:			
Bad trade debt written off		*	-
Change in fair value of held-for-trading investments		16	51
Change in fair value of insurance contract		(4)	6
Depreciation of property, plant and equipment		283	267
Depreciation of right-of-use assets		246	238
Dividend income from held-for-trading investments		*	*
Fee income from financial guarantee to associates and joint venture		(49)	(58)
Gain on disposal of property, plant and equipment		(34)	(149)
Interest income		(458)	(454)
Interest expense		367	559
Loss allowance for trade receivables, other receivables and contract assets		889	5
Share of profit of associates and joint venture		(54)	(79)
Operating cash flows before movements in working capital		<u>1,786</u>	<u>(1,392)</u>
Trade receivables		(278)	1,117
Other receivables and prepayments		144	301
Contract assets		213	6,549
Contract liabilities		1,844	2,820
Inventories		49	(119)
Trade payables and bill payables		(3,416)	(9,501)
Other payables		220	(9)
Provision for liabilities		(320)	(58)
Cash generated from (used in) operations		<u>242</u>	<u>(292)</u>
Income tax paid		(74)	(63)
Interest paid		(367)	(559)
Net cash used in operating activities		<u>(199)</u>	<u>(914)</u>
Investing activities			
Interest received		3	6
Advances to associates and joint venture		-	(955)
Dividends received from held-for-trading investments		*	*
Purchase of property, plant and equipment		(223)	(112)
Proceeds from disposal of property, plant and equipment		45	200
Purchase of right-of-use assets	A	(17)	-
Net cash used in investing activities		<u>(192)</u>	<u>(861)</u>
Financing activities			
Proceeds from issue of shares		6,983	-
Repayments of lease liabilities		(276)	(254)
Proceeds from bank borrowings		-	4,500
Repayments of bank borrowings		(2,901)	(2,263)
Net cash from financing activities		<u>3,806</u>	<u>1,983</u>
Net increase in cash and cash equivalents		3,415	208
Cash and cash equivalents at the beginning of the financial period		11,130	8,197
Effect of foreign exchange rate changes on balances held in foreign currencies		(12)	(10)
Cash and cash equivalents at end of the period		<u>14,533</u>	<u>8,395</u>

* Amount less than \$1,000.

Note A:

In 1H2022, the Group purchased right-of-use assets with an aggregate cost of \$157,000 of which \$140,000 was acquired under lease arrangement. There were no other non-cash changes in the cash flows used in financing activities for 1H2021.

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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	Total S\$'000
Group						
Balance as at 1 April 2020		46,814	38,746	86	(29,901)	55,745
Total comprehensive loss for the financial period:						
Loss for the financial period		-	(1,831)	-	-	(1,831)
Other comprehensive loss for the financial period		-	-	(135)	(2,222)	(2,357)
Total		-	(1,831)	(135)	(2,222)	(4,188)
Balance as at 30 September 2020		46,814	36,915	(49)	(32,123)	51,557
Balance as at 1 April 2021		46,814	37,257	(90)	(24,878)	59,103
Total comprehensive income for the financial period:						
Profit for the financial period		-	435	-	-	435
Other comprehensive income for the financial year		-	-	26	5,365	5,391
Total		-	435	26	5,365	5,826
Transactions with owners, recognised directly in equity:						
Issue of share capital		6,983	-	-	-	6,983
Balance as at 30 September 2021		53,797	37,692	(64)	(19,513)	71,912
Company						
Balance as at 1 April 2020		46,814	7,421	-	(23,227)	31,008
Total comprehensive loss for the financial period:						
Loss for the financial period		-	(251)	-	-	(251)
Other comprehensive loss for the financial period		-	-	-	(1,726)	(1,726)
Total		-	(251)	-	(1,726)	(1,977)
Balance as at 30 September 2020		46,814	7,170	-	(24,953)	29,031
Balance as at 1 April 2021		46,814	5,936	-	(19,324)	33,426
Total comprehensive income for the financial period:						
Loss for the financial period		-	(614)	-	-	(614)
Other comprehensive income for the financial period		-	-	-	4,166	4,166
Total		-	(614)	-	4,166	3,552
Transactions with owners, recognised directly in equity:						
Issue of share capital		6,983	-	-	-	6,983
Balance as at 30 September 2021		53,797	5,322	-	(15,158)	43,961

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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 2021 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 2021 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 2021.

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 2021.

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

3. Seasonal operations

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

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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	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 Chief Executive 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 S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
1 April 2021 to 30 September 2021							
Revenue							
External sales	18,967	14,167	2,506	-	-	-	35,640
Intersegment sales	-	-	28	-	-	(28)	-
Total revenue	18,967	14,167	2,534	-	-	(28)	35,640
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							435
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
Allowance for amounts due from associates	-	-	-	-	-	-	-
Loss allowance for other receivables	-	-	-	-	-	-	-
Loss allowance for trade receivables and contract assets	539	350	*	-	-	-	889

* Amount less than -\$1,000.

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Business segments (cont'd)

	Plumbing and sanitary S\$'000	Electrical S\$'000	Toilet rental S\$'000	Investment holdings S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
1 April 2021 to 30 September 2021							
Assets							
Segment assets	24,524	8,360	3,262	68,991	-	-	105,137
Unallocated assets							20,991
Consolidated total assets							126,128
Liabilities							
Segment liabilities	25,193	12,775	1,460	-	-	(2,876)	36,552
Unallocated liabilities							17,664
Consolidated total liabilities							54,216
1 April 2020 to 30 September 2020							
Revenue							
External sales	2,898	2,147	1,513	-	-	-	6,558
Intersegment sales	-	-	26	-	-	(26)	-
Total revenue	2,898	2,147	1,539	-	-	(26)	6,558
Results							
Segment result	(2,484)	(367)	499	79	-	7	(2,266)
Unallocated expenses							263
Net other operating income							785
Finance costs							(560)
Loss before income tax							(1,778)
Income tax expense							(53)
Loss for the year							(1,831)
Other Information							
Capital expenditures additions	-	-	98	-	14	-	112
Fee income from financial guarantee to associates and joint venture	-	-	-	-	58	-	58
Depreciation	6	6	115	-	378	-	505
Allowance for amounts due from associates	-	-	-	-	-	-	-
Loss allowance for other receivables	-	-	-	-	-	-	-
Loss allowance for trade receivables and contract assets	-	-	5	-	-	-	5
Assets							
Segment assets	17,313	5,570	2,647	71,036	-	-	96,566
Unallocated assets							6,882
Consolidated total assets							103,448
Liabilities							
Segment liabilities	16,580	13,344	2,480	-	-	(2,607)	29,797
Unallocated liabilities							22,094
Consolidated total liabilities							51,891

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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. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Non-current assets	
	First Half 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000	As at 30.09.2021 S\$'000	As at 31.03.2021 S\$'000
Singapore	35,640	6,558	46,823	46,688

Non-current assets above exclude investments held in Thailand.

Information about major customer

Included in revenues arising from construction contracts on plumbing and sanitary, and electrical of \$33,134,000 (1H2021: \$5,045,000) are revenues of approximately \$13,258,000 (1H2021: \$758,000) which arose from construction works performed to the Group's 2 (1H2021: 1) external customers.

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 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000
Revenue from:		
Construction contracts		
- Plumbing and sanitary	18,967	2,898
- Electrical	14,167	2,147
Rendering of services		
- Toilet rental	2,506	1,513
	<u>35,640</u>	<u>6,558</u>

Timing of revenue recognition

Over time	35,640	6,558
Right to receive established	-	-
	<u>35,640</u>	<u>6,558</u>

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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 2021 and 31 March 2021:

	Group		Company	
	30.9.2021	31.03.2021	30.9.2021	31.03.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	69,911	65,994	12,348	5,370
Fair value through profit or loss	376	388	-	-
Fair value through other comprehensive income	24,301	18,936	18,876	14,710
	<u>94,588</u>	<u>85,318</u>	<u>31,224</u>	<u>20,080</u>
Financial liabilities				
Financial liabilities at amortised cost	47,881	54,151	19,902	19,302

7. Profit/(Loss) before income tax

7.1. Significant items

	Group	
	First Half	First Half
	30.09.2021	30.09.2020
	S\$'000	S\$'000
Other income		
Lease income from:		
- Associate	8	8
- External parties	-	228
Government grants	17	80
Management fee income from associates	54	55
Interest income from:		
- Associates and joint venture	455	448
- External parties	3	6
Fee income from financial guarantee to associates and joint venture	49	58
Gain on disposal of property, plant and equipment	34	149
Expenses		
Depreciation of property, plant and equipment	283	267
Depreciation of right-of-use assets	246	238
Loss allowance for:		
- trade receivables	141	5
- contract assets	748	-

7.2. Related party transactions

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

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8. Income tax expense

	Group	
	First Half 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000
Current tax	251	53
Deferred tax	374	-
Withholding tax	-	-
Over provision of current tax in prior years	(476)	-
	<u>149</u>	<u>53</u>

Domestic income tax is calculated at 17% (30 September 2020: 17%) of the estimated assessable profit /(loss) for the financial period.

9. Earnings/(Loss) per share

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

	Group	
	First Half 30.09.2021	First Half 30.09.2020
Net profit/(loss) attributable to shareholders of the Company (\$'000)	435	(1,831)
Total number of shares in issue ('000)	698,354	349,177
Basic and diluted earnings/(losses) per share (in cents)	<u>0.06</u>	<u>(0.52)</u>

The fully diluted 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 30.09.2021 S\$'000	First Half 30.09.2020 S\$'000
Dividends paid	-	-
Dividend per share (net of tax)	-	-

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11. Net Asset Value

	Group		Company	
	30.9.2021	31.03.2021	30.9.2021	31.03.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value per ordinary share (cents)	10.30	16.93	6.29	9.57
Total number of shares in issue ('000)	698,354	349,177	698,354	349,177

12. Trade receivables

	Group	
	30.9.2021	31.03.2021
	S\$'000	S\$'000
Amounts receivable from construction contract customers	11,835	11,635
Amounts receivable from rendering of services	926	848
	12,761	12,483
Less: Loss allowance for trade receivables	(2,265)	(2,124)
Net	10,496	10,359

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	
	30.9.2021	31.03.2021
	S\$'000	S\$'000
Retention monies on construction contracts	4,072	5,033
Accrued income from construction contracts	18,807	18,059
	22,879	23,092
Less: Loss allowance for contract assets	(1,094)	(346)
	21,785	22,746

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.

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14. Other receivables

	Group	
	30.9.2021	31.03.2021
	S\$'000	S\$'000
Current:		
- Amounts due from associate	6,117	6,117
- Other receivables	147	311
- Prepayments	159	177
- Deposits	164	114
	<u>6,587</u>	<u>6,719</u>
Less: Loss allowance for other receivables	(58)	(58)
	<u>6,529</u>	<u>6,661</u>
Amounts due from associates and joint venture	79,413	78,922
Less: Loss allowance for amounts due from associates	(40,901)	(40,901)
	<u>38,512</u>	<u>38,021</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 2021, the Group acquired assets amounting to \$223,000 (30 September 2020: \$112,000) and disposed of assets amounting to \$11,000 (30 September 2020: \$51,000).

16. Investments

	Group		Company	
	30.9.2021	31.03.2021	30.9.2021	31.03.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares, at FVTOCI	24,301	18,936	18,876	14,710
Insurance contract, at fair value through profit or loss	235	231	-	-
	<u>24,536</u>	<u>19,167</u>	<u>18,876</u>	<u>14,710</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.

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17. Group's borrowings and debt securities

	Group	
	30.9.2021	31.03.2021
	S\$'000	S\$'000
Amount repayable in one year, or on demand		
- Secured	219	252
- Unsecured	28,995	29,453
Amount repayable after one year		
- Secured	161	129
- Unsecured	3,378	3,958

Details of any collateral

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

18. Share capital

	Group and Company			
	30.9.2021	31.03.2021	30.9.2021	31.03.2021
	Number of shares ('000)		S\$'000	S\$'000
Beginning of interim period	349,177	349,177	46,814	46,814
Issue of shares by virtue of Rights Issue	349,177	-	6,983	-
End of interim period	698,354	349,177	53,797	46,814

The Company did not hold any treasury shares as at 30 September 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 March 2021.

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

19. Subsequent events

King Wan Eco Solutions Pte. Ltd.

On 18 October 2021, the Company and Evercomm Singapore Pte Ltd ("Evercomm") have established a joint venture company incorporated in Singapore named King Wan Eco Solutions Pte. Ltd. (the "KWES"). KWES has a registered share capital of S\$10,000.00 divided into 10,000 ordinary shares, and the shareholding proportion of KWES is 70% and 30% held by the Company and Evercomm respectively.

The principal activity of KWES is mainly the provision of retrofitting and upgrading solution, as well as system integration services for buildings and facilities, using Artificial Intelligence ("AI"), and Internet of Things ("IoT"), or such other businesses as the Parties may agree from time to time.

The subscription in KWES will be funded through internal resources and, at present, is not expected to have any significant impact on the earnings per share or net tangible assets per share of the Company for the financial year ending 31 March 2022.

K & W Eco Plus Pte. Ltd.

On 5 November 2021, the Company's wholly-owned subsidiary, Gold Topaz Pte. Ltd., has changed its name to K & W Eco Plus Pte. Ltd. ("KEP"). KEP will be offering high quality packaging products made from sugarcane and plants for the green economy and explores market opportunities in sustainable products.

This new business activity is not expected to have any significant impact on the earnings per share or net tangible assets per share of the Group for the financial year ending 31 March 2022.

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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 2021 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\$29.1 million to S\$35.6 million in 1H2022. The increase was mainly due to low base effects given the Circuit Breaker and slow resumption of construction activities after the Circuit Breaker in the prior period, and the increase in demand for rental of portable lavatories.

Gross profit margin for 1H2022 was 10.1%, compared to gross loss margin of 3.3% achieved in 1H2021. The increase in Group's gross profit margin was a result of the increase in revenue.

Other operating income decreased by 38% to S\$0.7 million in 1H2022. The decrease was due to absence of rental income for workers' dormitory and lower gain on disposal of property, plant and equipment.

Administrative expenses increased by 17% to S\$2.5 million in 1H2022. The increase was due to lower government grant income as various COVID-19 support schemes had ceased or reduced in the current period.

Other operating expenses decreased by 86% to S\$8,000 in 1H2022. The decrease was due to absence of fair value loss on held-for-trading investments.

Share of profit of associates and joint venture amounted to S\$54,000 in 1H2022, which was comparable to share of profit of associates and joint venture amounted to S\$79,000 in 1H2021.

Loss allowance on trade receivables, other receivables and contract assets amounted to S\$0.9 million in 1H2022 pertain to loss allowance made in full for trade receivables and contract assets due from certain main contractors which were being wound up, and loss allowance made on contract assets based on expected credit losses estimated.

Finance costs decreased by 34% to S\$0.4 million in 1H2022. The decrease was due to lower effective borrowing interest rate and lower average loan amount in the current period.

Income tax expense increased by S\$96,000 to S\$149,000 in 1H2022 mainly due to higher taxable income in the current period.

As a result of the above, the Group's profit after tax increased by S\$2.3 million to S\$0.4 million in 1H2022.

Net fair value gain on investment in equity securities carried at FVTOCI amounted to S\$5.4 million in 1H2022 was due to increase in the quoted closing market prices to THB 5.15 as at 30 September 2021 from THB 3.92 as at 31 March 2021. These securities pertain to investment in quoted equity shares of Kaset Thai International Sugar Corporation Public Company Limited listed on Thailand Stock Exchange.

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b. Statement of financial position

The Group's equity base stood at S\$71.9 million as at 30 September 2021, an increase from S\$59.1 million as at 31 March 2021.

Total current assets amounted to S\$54.6 million as at 30 September 2021, higher than the S\$52.3 million as at 31 March 2021. The increase was mainly due to S\$3.4 million increase in cash and bank balances as a result of the issue of shares by virtue of Rights Issue completed in September 2021. This was partially offset by the S\$1.0 million decrease in contract assets mainly due to S\$0.7 million loss allowance made in the current period.

Non-current assets increased to S\$71.5 million as at 30 September 2021 from S\$66.0 million as at 31 March 2021. The increase was mainly due to S\$5.4 million increase in net fair value of investment in equity securities carried at FVTOCI at the end of the reporting period.

Current liabilities decreased to S\$49.9 million as at 30 September 2021 from S\$54.1 million as at 31 March 2021. The decrease was mainly due to S\$3.7 million decrease in trade payables as a result of payments made to suppliers and subcontractors, and S\$0.5 million decrease in bank borrowings drawdown for working capital purposes.

Non-current liabilities decreased to S\$4.3 million as at 30 September 2021 from S\$5.0 million as at 31 March 2021 was mainly due to partial repayment of temporary bridging loans amounted to S\$0.6 million.

c. Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$0.2 million in 1H2022, compared to S\$0.9 million in 1H2021. The decrease in outflow was mainly due to profit for the period, after changes in working capital and other adjustments.

Net cash used in investing activities amounted to S\$0.2 million in 1H2022, compared to S\$0.9 million in 1H2021. The decrease in outflow was mainly due to absence of net advances of loans to associates and joint venture of the Group, which was partially offset by the purchase of property, plant and equipment to replace worn out motor vehicles for operations use.

Net cash generated from financing activities amounted to S\$3.8 million in 1H2022, compared to S\$2.0 million in 1H2021. The increase in inflow was due to proceeds from issue of shares by virtue of Rights Issue completed in September 2021, which was partially offset by the repayment of bank borrowings and lease liabilities.

As a result of the aforementioned, cash and cash equivalents stood at S\$14.5 million as at 30 September 2021.

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.

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 on 14 October 2021, it is estimated that the Singapore economy grew by 6.5% on a year-on-year basis in the third quarter of 2021, moderating from the 15.2% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy expanded by 0.8% in the third quarter of 2021, a reversal from the 1.4% contraction in the preceding quarter. The construction sector expanded by 57.9% on a year-on-year basis in the third quarter of 2021, following the 117.5% growth in the preceding quarter. Growth was largely due to low base effects given the slow resumption of construction activities after the Circuit Breaker period in 2020.

In 1H2022, the Group secured new Mechanical and Electrical (M&E) contracts worth S\$29.6 million. While the construction activities have gradually resumed, the construction progress is hampered by the labour shortage. Compounded with the increase in cost of materials, we expect the M&E business to be challenging in the next 12 months and face pressures from rising cost and uncertainties over economic recovery. 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\$154.5 million worth of M&E engineering contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.

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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

6. Interested person transactions

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

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 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

12 November 2021

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

12 November 2021