POISED FOR **RECOVERY** READY FOR **OPPORTUNITIES**

KEONG HONG HOLDINGS LIMITED ANNUAL REPORT 2021

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POISED FOR RECOVERY
READY FOR OPPORTUNITIES

2021 has undoubtedly been a year of recovery from the abysmal economic and business environment of 2020, brought about by the COVID-19 pandemic. Our resilience and mettle have enabled us to withstand the unprecedented challenges of the past two years. Going forward, economic recovery is imminent, we will have to show our innovativeness, our creativity and our flexibility, to stay competitive and reach for new opportunities.

BE NIMBLE TO ADAPT

Adapting to change requires flexibility and having a team that is nimble works well for Keong Hong, especially during this unprecedented period.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

While 2021 has undoubtedly been a year of recovery from the abysmal economic and business environment of 2020 brought about by the COVID-19 pandemic, the operating conditions remained very challenging. Although Singapore's economy expanded by 7.6%, a rebound from the 4.1% contraction in 2020[1], the continuing measures to control the spread of the COVID-19 virus such as restrictions on international travel especially inbound travellers from high-risk countries, intermittent stop-work orders on the occurrence of COVID-19 cases, and safe distancing and mandatory regular testing, have led to disruptions in work, with the resultant project completion delays and increased operational costs. Furthermore, rising raw materials prices such as copper, steel, aluminium and oil due to pent-up demand consequent to the global economic recovery, coupled with supply restrictions, have further added cost pressures to businesses.

FINANCIAL HIGHLIGHTS

Our financial performance for the year ended 30 September 2021 ("FY2021") reflected these challenges faced. We recorded revenue of S$77.0 million in FY2021, a 7.1% decrease as compared to S$82.9 million in the financial year ended 30 September 2020 ("FY2020"). FY2021 gross profit stood at S$7.5 million, an 75.6% decrease from S$30.8 million in FY2020, with lower gross margin of 9.7% on the back of lower productivity of construction projects and higher construction costs resulting from the impact of the COVID-19 disruptions. The Group registered other income of S$7.4 million in FY2021, a 33.3% decline compared to S$11.1 million in FY2020 due mainly to lower government grant, interest income and rental income. The Group's net loss after tax was S$20.2 million in FY2021, as compared to FY2020's net loss after tax of S$18.8 million.

Despite the net loss after tax, the Group registered positive operating cash flow before working capital changes. The Group's balance sheet remained healthy, with cash and bank balances of S$21.8 million. Net asset value per share was 67.5 cents as at 30 September 2021.

The Board is not proposing any dividends for the financial year FY2021, taking into account the Group's net loss position and the need to conserve cash to weather the remaining challenges ahead, as well as for possible investment in opportunities which may present themselves in the near future.

BUILDING CONSTRUCTION – DEALING WITH BUSINESS CHALLENGES

The construction sector has staged a valiant recovery this past year. The sector expanded by 2.9% in the fourth quarter of 2021, moderating from 69.9% on a year-on-year basis in the third quarter of 2021. The strong growth in the third quarter was largely attributed to the low base effects following the slow resumption of construction activities after the circuit breaker period last year.[1] The construction sector had been hampered by labour shortage with foreign labour entry curtailed by border closures, particularly after the occurrence of the Delta variant in Singapore. The strict workplace safety rules, such as worksite segregation and safe distancing measures imposed by the relevant authorities, have resulted in lower productivity and efficiency and rising business costs, exacerbated by escalating raw material prices. Project delays and falling margins have been the inevitable consequences of such circumstances. The completion dates of our ongoing projects, such as National Skin Centre, Sky Everton, Wilshire Residences and The Antares, were pushed back by some months.

[1] Ministry of Trade and Industry, "MTI Maintains 2022 GDP Growth Forecast at "3.0 to 5.0 Per Cent", 17 February 2022.

CHAIRMAN'S MESSAGE

There is, however, light at the end of the tunnel. Singapore has taken steps to further ease border restrictions and expand Vaccinated Travel Lanes ("VTLs"), which will result in freer inflow of labour. This will greatly alleviate manpower shortages and enable construction activities to gradually return to pre-COVID-19 pandemic levels. The outlook by the Building and Construction Authority had forecast the average annual construction demand for 2023 to 2026 to range between S$25 billion and S$32 billion, driven by public sector projects[2]. In the medium term, the industry will be supported by public sector projects such as housing, transport and healthcare infrastructure while private sector demand will gradually recover in step with the overall economic recovery. This gives us room for optimism, given our strength in such projects, to seize interesting opportunities that come our way.

Our year has closed positively as we have been awarded a contract for the proposed addition and alteration to the Grand Hyatt Hotel Singapore, which entails upgrading works for the rooms, common areas and restaurants. The project will further enhance our standing in such undertakings, having previously successfully completed hotel and largescale healthcare projects. We are buttressed by a healthy construction order book of approximately S$482.0 million as at 30 September 2021, made up of a mix of residential and commercial projects in the proportion of 21.2% and 78.8%, respectively. With ongoing projects such as the Sky Everton condominium and the Punggol Regional Sports Centre, we have a two-year project pipeline.

While we will continue to be prudent in our finances with cost management remaining a focal strategy, we will also be actively looking for good opportunities, working with trusted partners to tender for selected public and private sector projects, particularly in healthcare and urban renewal and transformation.

PROPERTY DEVELOPMENT – A BRIGHT SPOT

The property sector has been one of the bright spots of an otherwise lacklustre economic landscape. Singapore continues to attract investments from overseas, offering investors a stable environment in turbulent and uncertain surroundings. As such, the buoyant property market seems to be defying the general economic trend with prices of residential properties increasing by 5.0% in the fourth quarter of 2021 as compared to 1.1% in the preceding quarter. Developers sold 3,018 completed and uncompleted units in the fourth quarter of 2021 as compared to 3,550 units in the previous quarter and 2,603 units in the same period in 2020. For the whole of 2021, developers sold 13,027 private residential units, compared to the 9,982 units in the previous year[3]. Singapore's property market shows no signs of letting up with prices increasing across all classes of properties. The possibility of fresh cooling measures to tackle an overheated market and the looming threats of economic uncertainty have not posed as deterrents. Singapore with its stable government, clear and investment-friendly policies and excellent business infrastructure, will continue to attract inflow from liquidity-flush global capital markets seeking a safe haven to park investments, with property still favoured.

Our private residential development projects, Seaside Residences along Siglap Road, and The Antares in the MacPherson/Paya Lebar area, have benefitted from the strong property market, with the former achieving 100% sales and the latter having attained sales of more than 98%. TOP has been obtained for Seaside Residences, while The Antares is expected to attain TOP in the third quarter of this year.

We will be earnestly looking for new projects and to replenish our landbank. A key consideration is finding joint-venture partners who are financially strong and who have the breadth and depth of experience in the industry. We are confident

[2] Building and Construction Authority, "Sustained Construction Demand in 2022 supported by Public Sector Projects", 26 January 2022.
[3] Urban Redevelopment Authority, "Release of 4th quarter 2021 real estate statistics", 28 January 2022.

CHAIRMAN'S MESSAGE

We will be earnestly looking for new projects and to replenish our landbank. We are confident that there will be opportunities in the coming months.

that there will be opportunities in the coming months and will carefully weigh the options available in the market so as to remain aligned with our overall growth strategy.

HOTEL DEVELOPMENT AND INVESTMENT – A GRADUAL REVIVAL

The tourism sector is still in the doldrums, having been pummelled mercilessly for close to two years now. Singapore has registered 329,970 visitor arrivals to date between January and December 2021, which is an 88.0% year-on-year decline[4]. Our two hotels, The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong, have, like all hotel properties here, been adversely affected. The introduction of VTLs with an increasing number of countries to-date, however, offers hope for a faster recovery and the early signs are promising. We remain cautiously hopeful for an eventual upturn in tourist arrivals as more VTLs and other reciprocal travel schemes are established. Singapore, like many other countries, is pursuing a cautious but determined path to reopening borders. This, together with various marketing and outreach activities by the Singapore Tourism Board and its industry partners, will gradually lead to a recovery in the tourism sector, driven by pent-up demand for leisure and business travel.

The Maldives, in contrast, is one of the few countries worldwide, which has rebounded well from the global pandemic. This has augured well for our Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort, which have registered occupancy levels in line with the industry there. Over 1.3 million tourists arrived in Maldives in 2021 as compared to 555,494 for the same period in 2020[5] which is a 138% increase in tourism arrivals. We are thus well-placed to ride the wave of full recovery in the Maldivian tourism sector.

OVERSEAS INVESTMENT OPPORTUNITIES

Our investment properties in Minamihorie, Osaka and in Honmachi, Osaka are 100% and 72% tenanted, providing us with a steady and stable recurring income. Although Japan has also been badly impacted by the COVID-19 pandemic, it remains an important strategic investment for us. We are open to further opportunities there and in other cities such as Osaka, London, Jakarta, Ho Chi Minh, Hoi An, Sydney and Melbourne, which can offer us a good return on investment.

PAVING THE WAY FOR RECOVERY

We have in the past year, doubled down on our efforts to improve productivity, enhance efficiency, upskill and reskill our workforce, minimise waste and rein in costs. We have continued to automate and to digitalise processes internally to support the Integrated Digital Delivery industry initiative, including further standardising our inhouse and external processes and those of our supply chain. Digitalisation of the process management system of the addition and alteration works at the Grand Hyatt Hotel using Aptiv8 IT Solutions, and implementation of AirSquire's cloud based 360-degree virtual

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[4] Singapore Tourism Board's Visitor Arrivals.
[5] Ministry of Tourism, Republic of Maldives, https://www.tourism.gov.mv/en/downloads/reports.

CHAIRMAN'S MESSAGE

sites to remotely visualise and manage site progress are some examples of digitalisation initiatives implemented by the Group. Ongoing investments in staff training and development in digital skills have kept us at the forefront of the latest architectural, engineering and construction technologies. We are ensuring our future-readiness to operate effectively in Singapore's Industry 4.0. The pandemic has afforded us and many other businesses the time needed to ramp up our operations to be ready to seize any opportunities that may present themselves in the ensuing recovery.

We have continued to support corporate social responsibility programmes in the education field such as the Institute of Technical Education ("ITE") Work-Learn Technical Diploma programme. We are going to provide career development training for another two ITE trainees under the Work-Learn Technical Diploma programme for the academic year starting April 2022. As sustainable practices have gathered importance in boardrooms around the world, we are proud to say that we have long been committed to environmental conservation and green practices even before current trends. We have set high targets of energy conservation practices and improving energy efficiency of operations in Singapore and the Maldives. One of our recent initiatives is the signing of a power purchase agreement with LYS Genco Eta Pte Ltd for the installation of solar panels on the roof of our Chin Bee Drive factory which will enable our Group to tap on renewable energy and reduce our carbon footprint and electricity bills. Our conservation and other sustainability efforts are set out in greater detail in our Sustainability Report 2021.

NIMBLE IN ADAPTING, READY FOR THE FUTURE

As Singapore pursues a calibrated path towards a full reopening of her borders and economy, we have to be ready to adapt to living with COVID-19 and the 'new norm', adopt digital technologies to remain relevant and pivot to seize opportunities that present themselves. Our resilience and mettle have enabled us to withstand the unprecedented challenges of the past year. Going forward, we will have to show our innovativeness, our creativity and our flexibility. The world is not the same as it was pre-COVID-19. Disruptions which were accelerated by the pandemic has changed forever the landscape of business including supply chain networks, logistical operations, office structures, international relations and even consumer lifestyles and aspirations. We have to harness and leverage these changes or risk being left behind. Even as we reach for new opportunities, we will simultaneously keep grounded by exercising financial prudence, managing costs and exercising circumspection in our investments.

Economic recovery is imminent, barring any unforeseen circumstance[6]. We will be ready for it, while simultaneously being mindful of possible downside risks and being prepared to deal with them.

APPRECIATION AND ACKNOWLEDGEMENTS

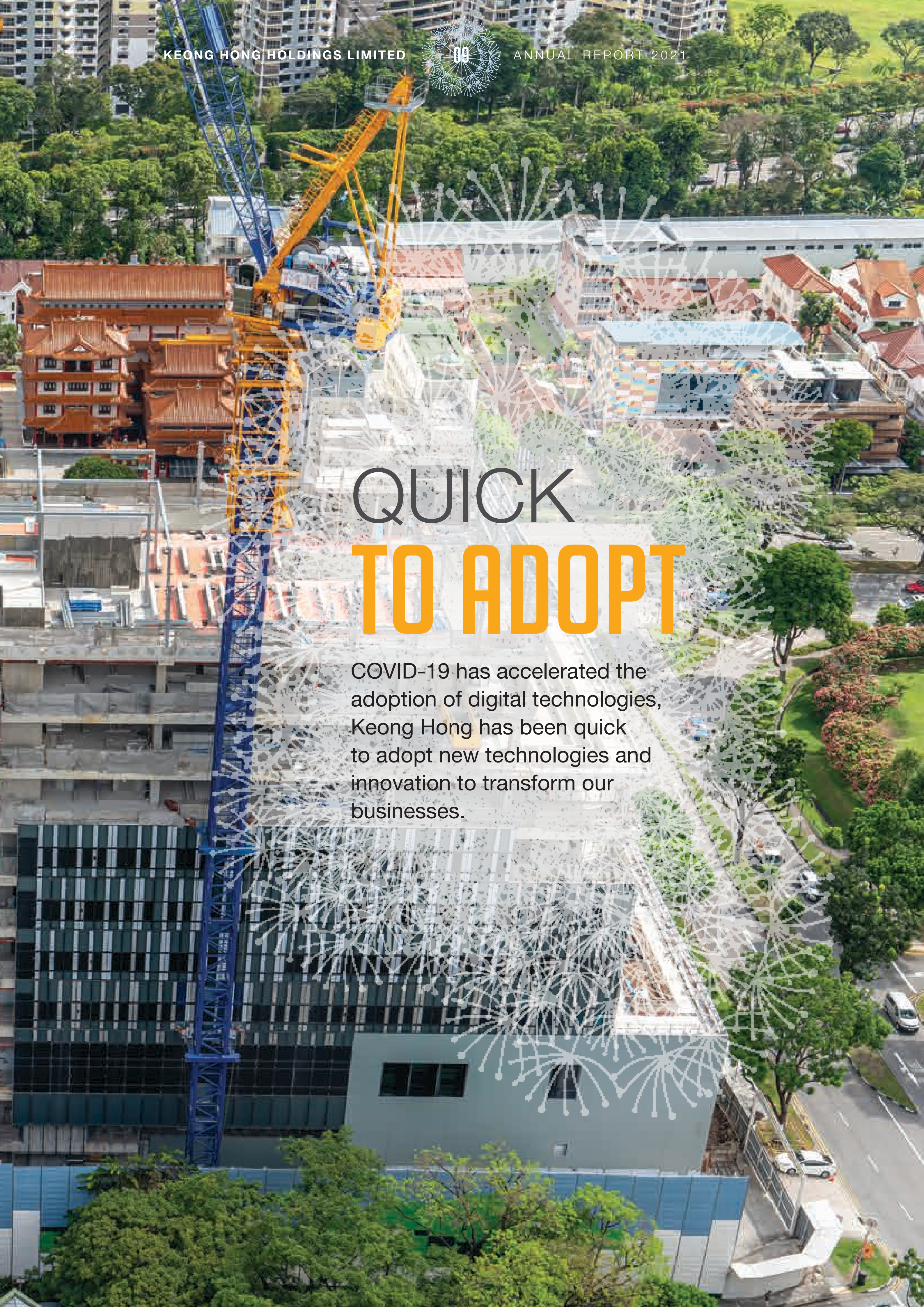
In conclusion, I would like to express my sincerest thanks to the management, staff and our Board of Directors for another year of invaluable contributions. I would, in particular, like to thank Mr Steven Lim, who has relinquished his appointment as Lead Independent Director after ten years of dedicated service and Mr Tan Kah Ghee for his contributions during his nine-year tenure as Chief Financial Officer. I wish them well in their future endeavours. At the same time, I am pleased to welcome on board Mr Kenneth Koh and Mr Fong Heng Boo, who assume their roles as Independent Director and our new Chief Financial Officer, Mr Chiang Yi Shin. They will, given their vast experience and expertise, bring fresh perspectives and insights to the Group.

Special mention has to be made of our workers at the construction sites for their discipline and vigilance in adhering to the COVID-19 safe distancing and work safety measures and especially for their patience and understanding. Finally, to our business partners, associates, customers, and shareholders, thank you for the unwavering support and belief in the Group.

LEO TING PING RONALD
Chairman and Chief Executive Officer

> **Ongoing investments in staff training and development in digital skills have kept us at the forefront of the latest architectural, engineering and construction technologies.**

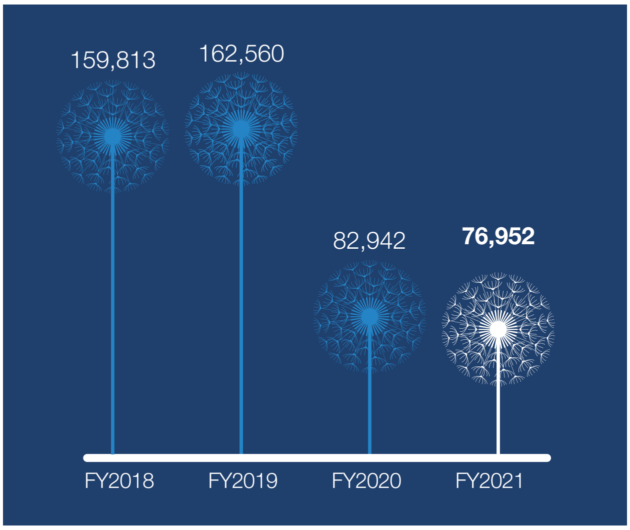
[6] Ministry of Trade and Industry, "Singapore's GDP Grew by 5.9 Per Cent in the Fourth Quarter of 2021 and by 7.2 Per Cent in 2021", 3 January 2022.



QUICK TO ADOPT

COVID-19 has accelerated the adoption of digital technologies, Keong Hong has been quick to adopt new technologies and innovation to transform our businesses.

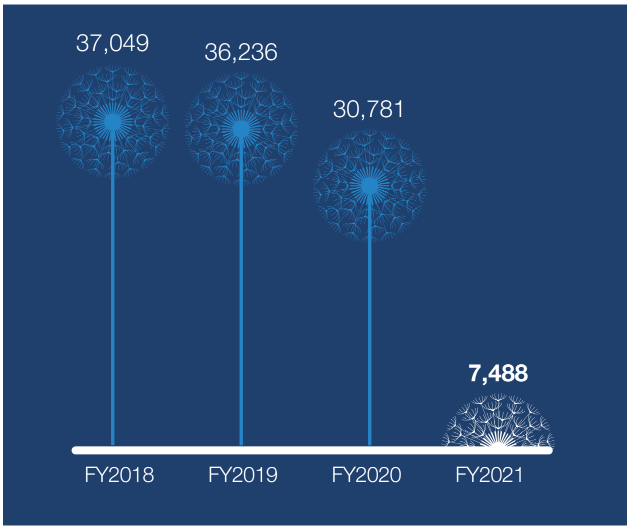
FINANCIAL HIGHLIGHTS



REVENUE (S$'000)

Group's revenue decreased by 7.1% to S$77.0 million as compared to S$82.9 million in FY2020.

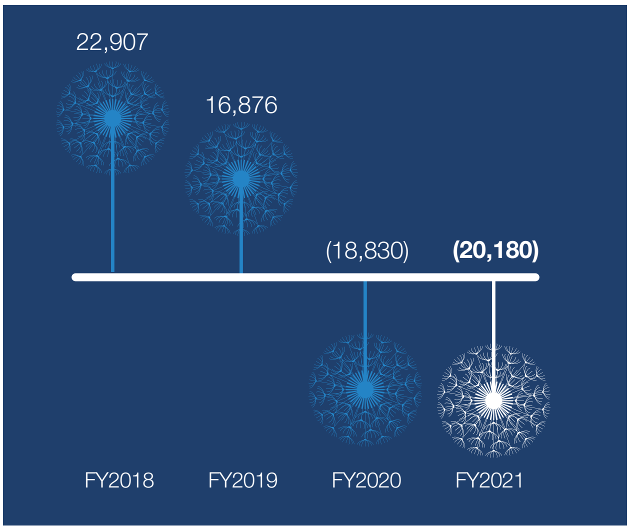
Cost of sales had risen by 33.1% from S$52.2 million in FY2020 to S$69.5 million in FY2021. The substantial increase was due to the impact caused by COVID-19 disruption, resulting in spike in cost of building materials and labour.



GROSS PROFIT (S$'000)

Gross profit decreased by 75.6% to S$7.5 million.

Gross profit margin decreased significantly from 37.1% in FY2020 to 9.7% in FY2021.

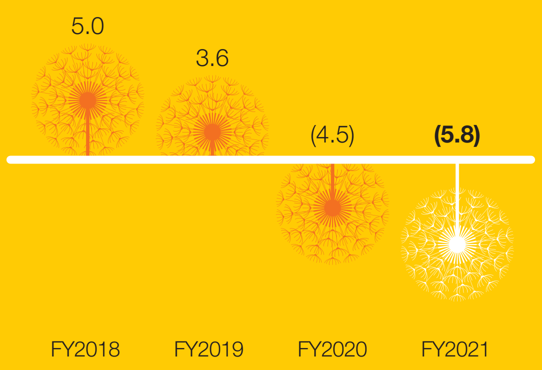


NET PROFIT AFTER TAX (S$'000)

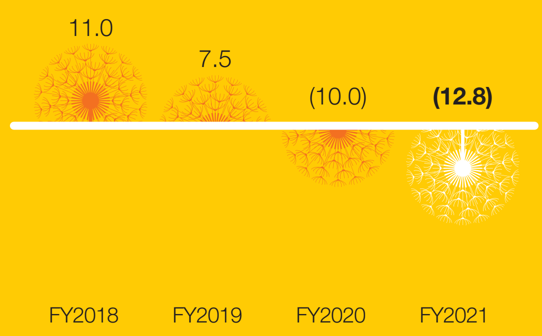
Group's net loss after tax widened by 7.4% to S$20.2 million in FY2021, as compared to a net loss after tax of S$18.8 million in FY2020.

FINANCIAL HIGHLIGHTS

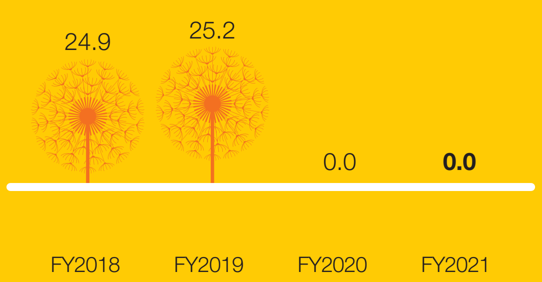
RETURN ON ASSETS (PER CENT)



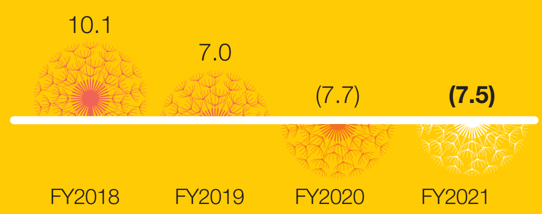
RETURN ON EQUITY (PER CENT)



DIVIDEND PAYOUT RATIO (PER CENT)



BASIC EPS (SINGAPORE CENTS)



FINANCIAL & OPERATIONS REVIEW

Singapore is making steady economic recovery from the previous year's economic recession brought about by the COVID-19 pandemic. Singapore's economy expanded by 7.6% in 2021, rebounding from the 4.1% contraction in 2020. The economic pick-up extended to the construction sector which grew by 2.9% year-on-year, slower than the 69.9% growth in the third quarter, as both public and private sector construction output rose. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 2.1%, a reversal from the 1.1% growth in the previous quarter[1] as construction activity continued to be impacted by labour shortages due to border restrictions on the entry of migrant workers.

Keong Hong Holdings Limited ("Keong Hong" or "the Group") continued to face challenges such as supply chain disruptions, raw material price fluctuations and increased operational costs, in addition to labour shortage, which impacted our financial results. Group revenue for the 12 months ended 30 September 2021 ("FY2021") decreased by 7.1% to S$77.0 million, from S$82.9 million for the 12 months ended 30 September 2020 ("FY2020"), gross profit decreased by 75.6% to S$7.5 million in FY2021 from S$30.8 million in FY2020. With cost of sales rising by 33.1% from the impact of the COVID-19 disruption, gross profit margin decreased to 9.7% in FY2021 from 37.1% in FY2020. The Group's other income was lower by 33.3% to S$7.4 million in FY2021 from S$11.1 million in FY2020. The decrease was mainly due to lower government grant income, interest income and rental income recorded in FY2021. The Group registered a smaller net loss of S$8.7 million from share of results of joint ventures and associates in FY2021 as compared to a net loss of S$15.1 million in FY2020. The lower net loss was mainly attributable to a pick up in the hospitality business in the Maldives. In light of the above factors, the Group's net loss after tax widened by 7.4% to S$20.2 million in FY2021, as compared to a net loss after tax of S$18.8 million in FY2020. In terms of our balance sheet, as at 30 September 2021, the Group's net cash position stood at S$21.8 million against S$40.0 million at the beginning of the financial year. Total assets stood at S$304.5 million as against total liabilities of S$146.9 million, as compared to total assets of S$393.6 million and total liabilities of S$204.5 million in FY2020. The Group's gearing ratio was 0.40 times, an improvement from 0.45 times in FY2020. The Group recorded a loss per share of 7.45 cents, bringing the net asset value per share to 67.50 cents.

BUILDING AND CONSTRUCTION – HIGHLIGHTS

Our construction activities, while having picked up, continued to be impeded by workplace safety measures, work segregation, labour shortages, supply chain disruptions and rising material and operational costs. Lower productivity and efficiency have meant delayed project completion, which in turn has affected progress payments and hence realisation of revenue.

[1] Ministry of Trade and Industry, "MTI Maintains 2022 GDP Growth Forecast at "3.0 to 5.0 Per Cent", 17 February 2022.

FINANCIAL & OPERATIONS REVIEW

The sector was aided to some extent by the government grants which are part of the support measures to help alleviate the effects of the COVID-19 pandemic on construction companies. These included the Jobs Support Scheme, foreign worker levy waiver and rebates and the Construction Restart Booster grant from the Building and Construction Authority ("BCA"), which comprises the COVID-Safe firm-based support and COVID-Safe project-based support.

In terms of operations, work on the National Skin Centre has been steadily progressing albeit slowly. The project, which is our first advanced precast project using precast columns, beams and hollow core slabs, has completed its superstructure works with in-situ concrete topping up in September 2021. As the structural progress is heavily dependent on precast elements manufactured in Malaysia, given the ongoing tight border controls, supply of materials and building components has been hampered. The completion of Phase 1C has thus been pushed back to 2022 with Phase 2 targeted for 2023.

Our ongoing condominium and building construction projects are also facing delays and tight completion deadlines. The Antares, a 265-unit condominium project at Mattar Road, by our joint venture company, FSKH Development Pte. Ltd, is also completing superstructures, with the advanced blocks having completed superstructures. The project is slated to be completed in the third quarter of 2022. The 85-unit condominium project at Farrer Road, Wilshire Residences, is currently progressing to second storey superstructure with completion now targeted for the second quarter of 2023. Sky Everton, a 262-unit 36-storey high rise condominium project at Everton Road which is part of Singapore's Master Plan of waterfront living, has progressed to 19-storey, with project completion targeted in the second quarter of 2023.

In terms of public and private sector non-residential projects, the development of Punggol Regional Sports Centre ("RSC"), a joint venture project with Hyundai Engineering & Construction, is now at the second-storey stage. We have also been awarded the contract for the refurbishment of the Grand Hyatt Hotel Singapore comprising major retrofitting to the guest rooms and restaurants and upgrading of Mechanical, Electrical and Plumbing plant rooms and equipment. This Green Mark Platinum project is to be completed in two phases: Phase 1 in the first quarter of 2023 and Phase 2 in the fourth quarter of 2023. Demolition of existing guest rooms to make way for new interior finishes under Phase 1 is 80% completed.

PROPERTY DEVELOPMENT AND INVESTMENTS

Prices of residential properties continued to confound industry experts, rising by 5.0% in the fourth quarter of 2021 as compared with 1.1% in the preceding quarter. For the whole of 2021, prices of private residential projects increased by 10.6% as compared to 2.2% in 2020. 3,018 completed and uncompleted units were sold in the fourth quarter of 2021 as compared to 3,550 units in the previous quarter, with 13,027 units sold for the whole of 2021 as compared to 9,982 units in 2020[2]. Our developments benefited from the positive sentiment of the property market with Seaside Residences attaining 100% sales and The Antares with sales of more than 98%.

Our investment portfolio, comprising tenanted office buildings in Minamihorie, Osaka and in Honmachi, Osaka continues to bring in a steady rental income stream as they are enjoying high occupancy rates of 100% and 72% respectively.

We believe that given the current economic climate, there will be good investments on the market with attractive potential returns and we will be looking to enhance our property development and investment portfolio in the coming months. We will, however, exercise prudence and caution and proceed in alignment with our risk management strategy.

2 Urban Redevelopment Authority, "Release of 4th quarter 2021 real estate statistics", 28 January 2022.

FINANCIAL & OPERATIONS REVIEW

HOTEL DEVELOPMENT AND INVESTMENTS

International travel and tourism, badly battered by the halt in international travel for the greater part of the year, was still struggling to gain its former glory, despite the gradual loosening of border restrictions. As such, our two hotels, The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong, have been adversely affected in line with the general industry.

The Maldives has reopened its borders since July 2020 and has rebounded well from the pandemic, bucking the worldwide trend. From January to December 2021, 1.3 million tourists have arrived in Maldives as compared to 555,494 arrivals for the same period last year which marks a 138% increase in tourism arrivals[3]. This has augured well for our Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort, with both properties achieving a combined average occupancy rate of more than 60% since August 2021.

GROWING OUR GROUP THROUGH RELATED INVESTMENTS AND INNOVATION

Our proprietary methodology for Prefabricated Bathroom Units ("PBU") and Prefabricated Prefinished Volumetric Construction ("PPVC"), developed by K&H Innovative Systems Pte. Ltd., a joint venture company set up in 2018, is in line with the government's drive for Design for Manufacturing and Assembly ("DfMA") which is aimed at increasing productivity in the construction sector. We have started supplying PBUs to our ongoing projects, The Antares, Sky Everton and Wilshire Residences.

Our capabilities in this area have increased significantly. Our factory at Chin Bee Road is equipped with a 45-ton double gantry crane with 14-meter clear lifting height and a 5-ton Jib Crane. It has enough capacity to produce PPVC for 10 dwelling units in 14 days or 130 PBUs in 10 days which works out to be 257 dwelling units of PPVC or 4,680 PBUs in a year. The adoption of PPVC and PBU will help to significantly reduce our reliance on labour, speed up construction and minimise dust and noise pollution in our construction projects as more activities are done off-site.

Our in-house capabilities in the areas of Integrated Digital Delivery, BCA's initiative for greater automation in the industry, is progressing well. Aside from our Virtual Reality studio which was set up at our headquarters to support the Digit-Alpha immersive experience and integrated digital shared platform, we are gradually extending our digitalisation capabilities to cover more site processes and other aspects of our operations. We initiated Aptiv8's IT Solution to digitalise the workflow and process management system at the alteration and addition ("A&A") works at our Grand Hyatt Hotel Singapore project. Our adoption of cloud-based Airsquare's 360-degree camera to enable remote visualisation and monitoring of site progress has won us acclaim from clients and consultants at the National Skin Centre and Grand Hyatt Hotel Singapore A&A project.

BUILDING A RELEVANT, SKILLED AND HEALTHY WORKFORCE

We are committed to training our staff to be equipped with sufficiently high standards of knowledge, skills and abilities to operate competently in a digitalised environment and be future-ready for present and future objectives. Staff have undergone training in certification courses for Green Mark Manager and Specialist Diploma in Construction Productivity to ensure they can contribute effectively to the sustainability development of our business. We also provided training opportunities in production-related areas such as Good Industry Practices, Building Information Modelling ("BIM") Management and BIM (Architecture track) to further improve the quality of our business productions.

Our basic skilled workers were enrolled for higher skills training such as in the BCA Coretrade Skills training and Multi-Skilling training. To date, 47% of our 185 work permit holders are higher skilled (R1) certified, far surpassing the minimum 10% as required by the Ministry of Manpower ("MOM").

One of the most important areas is our workers' safety and well-being. We aim to achieve worksite safety over and above mere compliance with the Workplace Safety and Health Act. Training in workplace safety now includes designation of Peer Support Leaders to reach out to fellow workers with mental health issues or in distress. We have developed the CultureSAFE programme to help us build a positive Workplace Safety and Health culture, mind-set and attitude beyond infrastructure and level of competency. For our workplace safety practices, we were awarded MOM's Workplace Safety and Health Performance Award for National Skin Centre and Punggol RSC.

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3 Ministry of Tourism, Republic of Maldives, https://www.tourism.gov.mv/en/downloads/reports.

FINANCIAL & OPERATIONS REVIEW

Our overseas staff in the Maldives were also given essential training for their jobs. At Kooddoo Airport, all staff are trained to use SMS, a software for better management of the airport using field data, and selected staff have undergone the AVSECOM awareness training program on aviation security and Fire Fighting Training Course as part of the Aviation Requirement. Employees from the Safety department received basic and advanced incident investigation training to equip them with the knowledge and skills to conduct safety inspections so as to identify and manage hazards and potential risks.

In FY2021, we recoded 2,767 training hours, or 12.0 hours of training per staff and 12.0 hours of training per worker were expended. As compared to the previous year, the training hours expended were lower. This was due to the ongoing default work from home mandate which made both in-house and external training more challenging to undertake.

Our Sustainability Report 2021 which was uploaded to our website on 28 February 2022, has in-depth reporting on our training, staff benefits and welfare, workplace safety and health initiatives as well as COVID-19 specific programmes and reference should be made to it for more details.

CORPORATE CITIZENSHIP THROUGH COMMUNITY SUPPORT

Our support of educational initiative continued in FY2021 despite the challenging business environment. We awarded deserving staff scholarships in tertiary education. We sponsored a staff from National Skin Centre for his Master of Science in International Construction Management at Nanyang Technological University. We continued our Institute of Technical Education ("ITE") sponsorship, committed to provide on the job training for two ITE graduate trainees, one in Mechanical & Electrical Services Supervision, and another in Architectural BIM & Design, for the batch commencing April 2022. This is part of our support for the government initiative for the ITE Work-Learn Technical Diploma programme.

We donated to various charitable organisations with cash donations or sponsorships of their fundraising activities. Among the beneficiaries in FY2021 were SingHealth Fund, Singapore National Eye Centre Fund and Touch Community Services Ltd.

OUTLOOK FOR 2022

A healthy construction demand is forecasted on the back of public sector and infrastructure projects[4]. Our construction order book stands at S$482 million as at 30 September 2021, which will see us through to 2023. Despite these projections, we remain cautiously optimistic. Continued global economic recovery, further easing of travel restrictions and stable raw material and oil prices are conditioned largely on the COVID-19 pandemic being managed, if not completely eradicated. A major setback has already occurred with the discovery of the highly contagious Omicron variant, which has led to temporary border restrictions and lockdowns to varying degrees in certain countries. Furthermore, global supply disruptions have not completely abated and this, coupled with strong current and backlogged orders, have led to soaring prices and the risk of more persistent inflation. Geopolitical tension among the super-powers of the world has added further risks to economic recovery.

We will, therefore, continue with our strategy of financial prudence, streamlined operations with improved internal systems and processes, and the pursuit of accretive opportunities. We are confident of our resilience and agility and are positioning our Group for the eventual turnaround.

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4 The Building and Construction Authority has forecast the total construction demand in 2022 to be between S$27 billion and S$32 billion and the average annual construction demand for 2023 to 2026 to range between S$25 billion and S$32 billion per year driven by public sector projects: Building and Construction Authority, "Sustained Construction Demand in 2022 supported by Public Sector Projects", 26 January 2022.

READY TO PIVOT

Keeping one foot firmly on the solid foundation that we have built, Keong Hong is ready to pivot and seize new opportunities, turning them into avenues for future growth.


SWL 45TONS
INTERLIFT
INTERLIFT SALES PTE LTD

BOARD OF DIRECTORS

MR LEO TING PING RONALD
Chairman and Chief Executive Officer

MR ER ANG HOOA
Executive Director

MR LEO TING PING RONALD, 70, was appointed to our Board on 15 April 2008 and was re-elected on 28 January 2021. As Chairman and Chief Executive Officer, he oversees the day-to-day operations and the Group's strategic direction and corporate business expansion. Mr Leo also holds directorships in the Group's subsidiaries and associated companies.

Mr Leo is a civil engineer with over 40 years of post-graduate experience in the industry. From 1974 to 1983, he was a senior structural engineer in the Structural Engineering Department at Housing and Development Board ("HDB"). In 1980, as head of the construction technology unit of HDB, he spearheaded the drive towards prefabrication and mechanisation of the local construction industry. He later joined Eng Hup Heng Construction Pte Ltd from 1983 to 1985 as its general manager and was responsible for construction and management of their projects, including Housing and Urban Development Corporation, HDB housing, factories and institutional buildings.

Mr Leo joined Keong Hong Construction Pte. Ltd. ("KH Construction") in 1985 as Managing Director, where he grew the business from a subcontractor to an established design and build main contractor of Building and Construction Authority A1 Grading. He led the Group to its initial public offering on the Catalist Board of the Singapore Exchange Securities Trading Limited on 16 December 2011. The Group was subsequently transferred to the Mainboard on 2 August 2016.

Mr Leo graduated with a Bachelor of Engineering (Civil) with First Class Honours and a Master of Science (Construction Engineering) from the National University of Singapore, in 1974 and 1977 respectively. He became a member of The Institution of Engineers Singapore and an associate of The Institute of Structural Engineers, United Kingdom, in 1978 and 1992 respectively. He was also registered as a professional engineer with the Singapore Professional Engineers Board in 1979.

Mr Leo is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR ER ANG HOOA, 69, joined our Group in 1996. He was appointed to our Board on 26 September 2011 and was re-elected on 21 January 2020.

He has been the Project Director of our wholly owned subsidiary, KH Construction, since June 2010. He is responsible for all operational activities relating to construction projects undertaken by our Group. Mr Er also holds directorships in the Group's subsidiaries and associated companies.

Prior to being a Project Director, he was the General Manager from 2005 to 2010, Assistant General Manager from 2001 to 2004 and Senior Project Manager from 1996 to 2000 of KH Construction.

He graduated from the University of Dundee, United Kingdom, with a Bachelor of Science in Civil Engineering in 1978. He also graduated from Imperial College London, United Kingdom, with a Master of Science in Structural Steel Design in 1985. He obtained a graduate diploma in management and administration from Bradford University, United Kingdom, in 1986.

Mr Er is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

BOARD OF DIRECTORS

MR CHONG WENG HOE
Lead Independent Director
Chairman – Nominating Committee
Member – Audit Committee,
Remuneration Committee

MR CHONG WENG HOE, 57, was appointed to our Board on 22 November 2011 and was re-elected on 28 January 2021. His continued appointment as an Independent Director within a stipulated period under Rule 210(5)(d)(iii)(A) and Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited was approved at the Company's Extraordinary General Meeting held on 7 October 2021. Mr Chong has been re-designated as Lead Independent Director on 31 December 2021.

Mr Chong joined TUV SUD PSB Pte Ltd in April 1991 as an engineer. He became the Vice President (Electromagnetic Compatibility) in April 1995, Senior Vice President (Testing) in March 2002 and was appointed the Chief Executive Officer of TUV SUD PSB Pte Ltd in January 2008, responsible for its business activities in the ASEAN region, with operations in Singapore, Malaysia, Thailand, Vietnam, Indonesia and the Philippines. In July 2013, he stepped down as the chief executive officer of TUV SUD PSB Pte Ltd but remains as a director of the company to provide support in the development of the business in the region until September 2017. Thereafter, Mr Chong was relocated to TUV SUD Asia Pacific Pte Ltd, assuming the position of Executive Vice President.

Mr Chong has over 20 of years of experience in financial management, marketing and customer support, and project management. He currently sits on the board of HC Surgical Specialists Limited, Singapore Paincare Holdings Limited, ISEC Healthcare Ltd and Hong Fok Corporation Limited.

Mr Chong graduated with a Bachelor of Engineering (Electrical) from the National University of Singapore in 1989 and obtained a Master of Business Administration (Accountancy) from the Nanyang Technological University of Singapore ("NTU") in 1997.

Mr Chong was the President of the NTU Nanyang Business School Alumni and a member of the Exco of the NTU Alumni Council from 2014 to 2021. From 2015 to 2018, Mr Chong served as a member of the Singapore Accreditation Council Marketing Committee. From 2014 to 2016, Mr Chong gained membership and became Singapore's representative in the IECEE Policy and Strategic Committee. Mr Chong was a member of the Singapore National Council for International Electrotechnical Commission from 2000 to 2014. In the past, Mr Chong served as the Chairman of the Standardisation task force for the Singapore-Thailand Enhanced Economic Relationship (STEER) (2002 – 2005).

Mr Chong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

BOARD OF DIRECTORS

MR CHONG WAI SIAK
Independent Director
Chairman – Remuneration Committee
Member – Audit Committee, Nominating Commitee

MR FONG HENG BOO
Independent Director
Chairman – Audit Committee
Member – Nominating Committee, Remuneration Committee

MR CHONG WAI SIAK, 74, was appointed to our Board on 1 October 2019 and was re-elected on 21 January 2020.

Mr Chong joined HDB in 1971 and rose to the position of Senior Principal Structure Engineer before he was appointed in 1980 to establish and head a government owned construction company, Construction Technology Pte Ltd to spearhead and introduce mechanisation and appropriate technology in the construction industry.

In 1989, he joined NSL Ltd (formerly known as NatSteel Ltd) and held various senior positions there, as Deputy President of NSL and President/CEO of its major subsidiary, Eastern Industries/ Eastern Pretech Group. He was responsible for the overall management of the operations and business activities of the Group and its many subsidiaries, involved mainly in construction products and services, property development and engineering design. His work involved establishing and managing business activities in Singapore, Malaysia, Indonesia, Hong Kong, China, the Philippines, Vietnam, United Arab Emirates and Finland. He retired from the NSL Group in 2014 with wide business experiences in many aspects of the building and construction industry.

Mr Chong was a Director of Changi Airport Planners & Engineers Pte Ltd from 2007 to 2014. He had previously served as Council Member in Singapore Contractors Association Ltd and Institution of Engineers, Singapore and as a member in various Advisory and Technical Committees of the former CIDB and SISIR.

Mr Chong graduated with a Bachelor of Science (Honours) in Civil Engineering and a Master of Science in Structural Engineering from the University of Manchester, Institute of Science and Technology, United Kingdom, in 1970 and 1971 respectively.

He was a Chartered Engineer (UK) and a registered Professional Engineer with both the Singapore and Malaysia Engineering Boards. He was a member of the Institution of Civil Engineers (UK) and a member of both the Institution of Engineers, Singapore and Malaysia.

Mr Chong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR FONG HENG BOO, 72, was appointed to our Board on 1 January 2022.

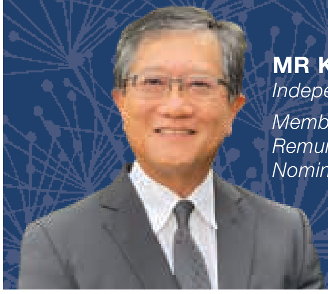
Mr Fong has over 46 years of experience in auditing, finance, business development and corporate governance. He has just retired from the board of CapitaLand China Trust Management Limited, where he was a non-executive independent director since 2013. Mr Fong currently holds directorships in Surbana Jurong Private Limited, Singapore Health Services Pte Ltd, TA Corporation Ltd, Livingstone Health Holdings Limited, Agency for Integrated Care Pte Ltd and Bonvest Holdings Limited.

Mr Fong was with the Auditor-General's Office ("AGO"), Singapore and held the position of Assistant Auditor-General when he left AGO in 1993. He was also the Director (Special Duties) at the Singapore Totalisator Board, where he led the finance and investment functions.

Mr Fong graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. He was a Fellow Member of the Institute of Singapore Chartered Accountants.

Mr Fong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

BOARD OF DIRECTORS



MR KOH TEE HUCK KENNETH
Independent Director
Member - Audit Committee, Remuneration Committee, Nominating Committee

MR XU QUANQIANG
Non-Executive and Non-Independent Director

MR KOH TEE HUCK KENNETH, 63, was appointed to our Board on 30 September 2021.

He commenced his legal career in 1984 with Singapore's then largest law practice. Whilst actively engaged in dispute resolution, his focus on infrastructure and construction work began when he joined a London-based international law firm. His practice ranges from representing clients in court, arbitration, adjudication and mediation to advisory work in EPC contracts. After several years in a local partnership, he co-founded UniLegal LLC, and chaired its board of directors from 2002 to 2018. He currently serves as its consultant.

Mr Koh graduated with a Bachelor of Laws in 1983 from the National University of Singapore and is an Advocate & Solicitor of the Supreme Court of Singapore. He holds memberships in the Singapore Academy of Law, the Law Society of Singapore, Society of Construction Law (Singapore) and the Singapore Institute of Directors. His previous appointments include being Honorary Legal Advisor to the Singapore Contractors Association Ltd. He also authored the Singapore chapters in 2 international publications.

Mr Koh is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR XU QUANQIANG, 42, was appointed to our Board on 29 March 2021. He is the Chief Executive Officer ("CEO") of LJHB Holdings (S) Pte Ltd ("LJHB"), LJHB USA Inc and Forevertrust International (S) Pte Ltd. LJHB is a controlling shareholder of Keong Hong Holdings Limited and is primarily in the asset investment business in real estate, hospitality and travel related sectors. Mr Xu is responsible for establishing and managing LJHB's business activities in the region.

Prior to joining LJHB, Mr Xu was the CEO of Ronghua Group Pte Ltd, a provider of healthcare solutions. His previous appointments also include Regional General Manager of GIC Group Pte Ltd, Country General Manager and Sales and Marketing Director of BSI Group Singapore Pte Ltd, and Assistant Vice President (Sales) of TUV SUD PSB Pte Ltd.

Mr Xu was a Director of BSI Group Singapore Pte Ltd from 2013 to 2016. He currently sits on the board of PT Forevertrust International Indonesia, Adtech (Singapore) Pte Ltd, Aitec International Pte Ltd, Innofund Pte Ltd and Innotrust Pte Ltd.

Mr Xu holds a Master of Business Administration degree from the University of South Australia.

Mr Xu is an associate of LJHB, except as disclosed, he is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

KEY MANAGEMENT

MR CHIANG YI SHIN

Chief Financial Officer

MS NG SIEW KHIM CORINNE

Head of Contracts

MR CHIANG YI SHIN, 51, joined our Group in 2021. As the Chief Financial Officer, his responsibilities include overseeing all financial, accounting and corporate secretarial matters.

Prior to joining our Group, he was the Group Financial Controller at catalist-listed AGV Group Limited. From 1998 to 2020, he was with mainboard-listed Chemical Industries (Far East) Limited, where he rose through the ranks with last held position as the Chief Financial Officer.

Mr Chiang graduated with a Bachelor of Economics (Honours) degree in Management Studies from the University of London. He is a Fellow Member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, and an Accredited Tax Adviser (GST) with the Singapore Chartered Tax Professionals.

MS NG SIEW KHIM joined our Group in 1993 and is currently the Head of Contracts of our Group. She is responsible for overseeing quantity surveying, tender process administration, technical correspondences preparation and other contractual documentation.

Ms Ng graduated from South Bank University (London), United Kingdom, with a Bachelor of Science in Quantity Surveying in 1997. She also obtained a diploma in Building from the Singapore Polytechnic in 1993.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Leo Ting Ping Ronald

EXECUTIVE DIRECTOR
Er Ang Hooa

LEAD INDEPENDENT DIRECTOR
Chong Weng Hoe

DIRECTORS
Chong Weng Hoe
Chong Wai Siak
Xu Quanqiang (Appointed on 29 March 2021)
Koh Tee Huck Kenneth (Appointed on 30 September 2021)
Fong Heng Boo (Appointed on 1 January 2022)

AUDIT COMMITTEE
Fong Heng Boo (Chairman)
Chong Weng Hoe
Chong Wai Siak
Koh Tee Huck Kenneth

NOMINATING COMMITTEE
Chong Weng Hoe (Chairman)
Chong Wai Siak
Koh Tee Huck Kenneth
Fong Heng Boo

REMUNERATION COMMITTEE
Chong Wai Siak (Chairman)
Chong Weng Hoe
Koh Tee Huck Kenneth
Fong Heng Boo

COMPANY SECRETARIES
Lo Swee Oi
Lim Guek Hong

REGISTERED OFFICE
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Singapore 729230
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Fax: (65) 6566 2784
Website: www.keonghong.com
Investor Relations: ir@keonghong.com

SHARE REGISTRAR
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77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

PARTNER-IN-CHARGE
Lee Kuang Hon
Appointed since the financial year ended 30 September 2021

PRINCIPAL BANKERS
Malayan Banking Berhad
United Overseas Bank Limited
Overseas-Chinese Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited

CORPORATE GOVERNANCE REPORT

The Company is committed to a high standard of corporate governance to ensure effective self-regulation practices are in place to enhance corporate performance and accountability.

This report outlines the Company's corporate governance practices throughout the financial year ended 30 September 2021 ("FY2021"), with specific references made to the principles of the Code of Corporate Governance 2018 (the "2018 Code").

Pursuant to Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("SGX-ST Listing Manual"), the Board of Directors of the Company (the "Board") confirms that the Company and the Group, have for FY2021 complied with the Principles as set out in the 2018 Code. The Board also confirms that where there are deviations from the provisions of the 2018 Code, explanations for the deviation and how the Group's practices are consistent with the intent of the relevant principles are provided in the sections below:

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Principal Duties of the Board

Provision 1.1

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company, and hold management accountable for performance. The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by the management of the Company (the "Management") and monitors standards of performance and issues of policy. In addition to its statutory duties, the Board's principal functions are:

(i) Supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction;

(ii) Formulating and approving financial objectives of the Group and monitoring its performance such as reviewing and approving of financial results announcement and financial statements;

(iii) Overseeing the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;

(iv) Assuming responsibility for corporate governance and compliance with the Companies Act (Chapter 50) of Singapore and the rules and regulations of the relevant regulatory bodies;

(v) Evaluating performance of Management; and

(vi) Reviewing and approving the remuneration framework for the Board and key executives.

The Company's Constitution requires a Director and, Chief Executive Offer (or person(s) holding an equivalent position), who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 156 of the Companies Act 1967 (the "Act). A Director and, Chief Executive Officer (or person(s) holding an equivalent position), shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and nor shall he be counted in the quorum present at the meeting.

Board Orientation, Training and Updates

Provision 1.2

Upon the appointment of a new Director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations. The Company has put in place an orientation program for all newly appointed Director(s) to assimilate him/her into his/her new role. They will be briefed by Management and the Chairman on the business activities of the Group and its strategic directions as well as the duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

Changes to regulations and accounting standards are monitored closely by Management. To keep pace with the regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations, Directors are briefed by the Company Secretary on the continuing obligations under the SGX-ST Listing Manual ("Listing Manual") as well as regularly provided with news releases, articles and updates on changes to the Listing Manual from time to time. The Directors have also been kept abreast on the principles and provisions of the 2018 Code. Most of the Directors had attended the listed Company Directors courses conducted by the Singapore Institute of Directors ("SID") and some other courses and webinars conducted by leading accounting firms and organisations such CPA Australia. At the Audit Committee ("AC") meetings, the External Auditors of the Company, BDO LLP ("External Auditors") had briefed the AC on changes or amendments to accounting standards. Appropriate external training for Directors conducted by the SID and other organisations will be arranged by the Company when necessary.

During the financial year, the newly appointed Directors, Mr Xu Quanqiang, had attended all the LED training courses (LEDs 1 to 8) conducted by SID, while Mr Koh Tee Huck Kenneth who was appointed as an Independent Director on 30 September 2021, had begun his mandatory training courses immediately after his appointment. As at the date of the Annual Report, Mr Koh had attended all the LED courses except LED 2 which he will be completing by March 2022.

Matters Requiring Board Approval

The Board has adopted a set of internal guidelines on the matters requiring Board's approval. Matters that are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance, proposal of dividends, announceable matters, legal claims and litigation, and other matters as may be considered by the Board from time to time. *Provision 1.3*

Delegation to Board Committees

The Board has delegated certain functions to various Board Committees, namely the AC, the Remuneration Committee ("RC"), and the Nominating Committee ("NC"). Each Committee operates within clearly defined terms of reference and operating procedures, which are reviewed periodically. *Provision 1.4*

Attendance at Board and Board Committees Meetings

The Company's Constitution permits directors of the Company (the "Directors") to attend meetings through the use of audio-visual communication equipment. *Provision 1.5*

The Board and Board Committees conduct meetings on a quarterly basis which are planned in advance. Ad-hoc meetings are conducted as and when circumstances require. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval together with supporting memorandum, enabling the Directors to make informed decisions. *Provisions 1.5 & 1.6*

The number of Board and Board Committees meetings held and attended by each Board member during FY2021 are as follows:– *Provision 1.5*

	Board	Audit Committee	Remuneration Committee	Nominating Committee
	Number of Meetings attended in FY2021			
Number of meetings held	4	4	2	1
Executive Directors				
Leo Ting Ping Ronald	4	4*	2*	1*
Er Ang Hooa	4	4*	2*	1*
Tan Kah Ghee(1)	4	4*	2*	1*

CORPORATE GOVERNANCE REPORT

	Board	Audit Committee	Remuneration Committee	Nominating Committee
	Number of Meetings attended in FY2021			
Non-Executive Directors				
Lim Jun Xiong Steven(2)	4	4	2	1
Chong Weng Hoe	4	4	2	1
Chong Wai Siak	4	4	2	1
Leo Zhen Wei Lionel(3)	3	3	2*	1
Xu Quanqiang(4)	2	2*	1*	NA
Kenneth Koh Tee Huck(5)	NA	NA	NA	NA

(1) Mr Tan Kah Ghee had resigned as a Director on 16 September 2021.
(2) Mr Lim Jun Xiong Steven had ceased as a Director on 31 December 2021 as part of the Board renewal plan.
(3) Mr Leo Zhen Wei Lionel had ceased as a Director on 30 September 2021 as part of the Board renewal plan.
(4) Mr Xu Quanqiang was appointed as a Director on 29 March 2021
(5) Mr Kenneth Koh Tee Huck was appointed as a Director and a member of the AC, NC and RC on 30 September 2021
* *Attendance by invitation*

The profile of each Director and other relevant information are set out on pages 18 to 21 of this Annual Report. Similar information is also published on the Company's website.

Access to Information

All Directors receive a set of Board papers (with background or explanatory information relating to matters to be brought before the Board, where necessary), copies of disclosure notes and internal group financial statements, prior to Board meetings. The Board papers are issued to the Directors at least three days prior to Board meetings. This is to allow sufficient time for the Board members to obtain further explanations, where necessary, to be properly briefed and adequately prepared for Board meetings. *Provision 1.6*

Management currently provides annual budgets to the Board members for endorsement as well as detailed management reports of the Group on a quarterly basis.

The Directors are also provided with the following information:

Quarterly
– updates on the Group's operations and the markets in which the Group operates in

Half Yearly
– internal auditors' report

Quarterly/Yearly
– budgets and/or forecasts (with variance analysis), and management accounts (with financial ratios analysis)

Yearly
– enterprise risk framework and risk governance report
– External Auditors' report

Adhoc
– reports on on-going or planned corporate actions
– research report(s)
– feasibility study on property investments
– regulatory updates and implications

CORPORATE GOVERNANCE REPORT

The Directors are also regularly briefed on the development of the business activities of the Group. In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, Management will provide the members of the Board with management accounts, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting.

Separate and Independent Access

The Independent Directors have separate and independent access to senior Management of the Company and other employees to seek additional information, if required. To facilitate such access, the contact particulars of senior Management have been provided to the Directors. Directors have the right to seek independent professional advice, if required or as and when necessary to enable them to discharge their duties and responsibilities effectively. The costs of such independent professional advice will be borne by the Company. *Provision 1.7*

The Directors have separate and independent access to the Company Secretaries at all times. The Company Secretaries have the responsibility to ensure that Board procedures are followed and that all applicable rules and regulations including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act 1967 of Singapore and the SGX-ST Listing Manual, are complied with. The Company Secretaries will assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value. Either one or both of the Company Secretaries will be in attendance at meetings of the Board and Board Committees and prepare minutes of meetings. The Company Secretaries will assist the Board Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. The appointment and removal of the Company Secretaries should be a matter for the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at 30 September 2021, the Board of Directors (the "Board") comprises seven (7) members of whom two (2) are Executive Directors, one (1) is Non-Executive Non-Independent Director and four (4) are Independent Directors, as follows:

Leo Ting Ping Ronald	Chairman and Chief Executive Officer
Er Ang Hooa	Executive Director
Lim Jun Xiong Steven	Lead Independent Director
Chong Weng Hoe	Independent Director
Chong Wai Siak	Independent Director
Kenneth Koh Tee Huck	Independent Director (Appointed on 30 September 2021)
Xu Quanqiang	Non-Executive Non-Independent Director (Appointed on 29 March 2021)

As at the date of the Annual Report, Mr Lim Jun Xiong Steven had stepped down as an Independent Director on 31 December 2021 while Mr Fong Heng Boo was appointed as an Independent Director of the Company on 1 January 2022.

A majority of our Directors is non-executive and includes professionals with relevant industry knowledge or experience, accounting or finance, legal, business or management experience, and strategic planning experience. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

Board Independence

Under Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. *Provision 2.1*

CORPORATE GOVERNANCE REPORT

Rule 201(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director as well as the independence criteria as set out in Rule 210(5)(d) of the SGX-ST Listing Manual in its review. The NC is satisfied that none of the Independent Director (i) is employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC. The NC has reviewed and determined that the Independent Directors are independent. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code that would otherwise deem him not to be independent. *Provision 2.1*

According to Provision 2.2 of the 2018 Code, independent directors should make up at least a majority of the board where the chairman of the board and the chief executive director or equivalent is the same person or they are related or the chairman is part of the management team or the chairman is not an independent director. As Mr Leo Ting Ping Ronald is the Chairman and Chief Executive Office of the Company, the Board had appointed an additional independent Director during the financial year so that a majority of the Board is made up of Independent Directors in compliance with Provision 2.2 of the 2018 Code. *Provision 2.2*

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company and its shareholders.

For FY2021, the Company has five (5) Non-Executive Directors which constituted a majority of the Board and thus had complied with Provision 2.3 of the 2018 Code. *Provision 2.3*

Independence of Directors who have served on the Board beyond Nine Years

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions when approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The Company has a board renewal plan whereby all the existing Independent Directors who has served more than 9 years will before 1 January 2022, either resign or retire after their replacement is found or seek approval of the shareholders via the Two-Tier Voting process. According to the board renewal plan, Mr Lim Jun Xiong Steven who had served more than 9 years had stepped down as an Independent Director on 31 December 2021. Mr Chong Weng Hoe who had served more than 9 years, had sought approval at the Extraordinary General Meeting ("EGM") of the Company held on 7 October 2021 for his continued appointment as an Independent Director. The resolutions for the Two-Tier Voting were approved at the EGM and that Mr Chong Weng Hoe will continue his appointment as an Independent Director until the conclusion of the third AGM of the Company to be held in January 2024 or upon his retirement or resignation, whichever the earlier.

The NC and the Board have determined that Mr Chong Weng Hoe continues to remain objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he has been serving, with pertinent experience and competence to facilitate sound decision-making. His length of service does not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interest of the Company. After due consideration and careful assessment, and also having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board are of the view that Mr Chong Weng Hoe is able to continue to discharge his duties independently with integrity and competence. Mr Chong Weng Hoe has recused himself from all NC and Board deliberations and decisions relating to his continued independence.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Company recognises and embrace the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development. *Provision 2.4*

The Company has a written policy on Board Diversity and maintained a culture of diversity to benefit from a wide talent pool. The current Board composition provides a diversity of skills, experience, and knowledge of the Company and their core competencies include relevant industry knowledge or experience, accounting or finance, legal, business or management experience, and strategic planning experience. In identifying suitable candidates for new appointment to the Board, the NC will ensure that where possible, female candidates are included for consideration. Nevertheless, gender is but one aspect of diversity and new directors will continue to be selected based on their merits and the potential contributions which they can bring to the Board.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) annual evaluation by the Directors with a view to understanding the range and level of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Non-Executive and/or Independent Directors, led by the Lead Independent Director, will meet at least once a year without the presence of Management to discuss on pertinent matters like the performance of Management, risk management, internal controls, Management succession planning and important business issues. During the financial year, the Independent Directors had met at least once without the presence of Management to discuss on those pertinent matters. *Provision 2.5*

The Board has no dissenting views on the Chairman's Statement to the shareholders for the financial year under review.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and the CEO are currently held by Mr Leo Ting Ping Ronald ("Mr Leo") which has deviated from Provision 3.1 of the Code. The Board is of the opinion that it would not be in the Group's interests to institute a separation in the role of the Chairman from that of the CEO, after taking into account the size, scope and nature of the operations of the Group. With deep industry knowledge, Mr Leo plays an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. *Provision 3.1 and Provision 3.2*

Mr Leo is involved in significant corporate matters, especially those of strategic nature. In addition, he is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of the flow of information between Management and the Board, and in ensuring compliance with the guidelines set out in the 2018 Code.

Although the roles of Chairman and the CEO are not separated, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors.

CORPORATE GOVERNANCE REPORT

Lead Independent Director

For good corporate governance, a Lead Independent Director had been appointed since 2011 to provide leadership in situations where the Chairman is conflicted. The Lead Independent Director is available to the shareholders when they have concerns when contact through the normal channels to the Chairman and CEO or the Chief Financial Officer has failed to resolve or for when such contact is inappropriate. Mr Lim Jun Xiong Steven had been the Lead Independent Director till his cessation as an Independent Director subsequent to FY2021 on 31 December 2021. Mr Chong Weng Hoe, the NC Chairman was appointed as the Lead Independent Director in place of Mr Lim Jun Xiong Steven on 31 December 2021. *Provision 3.3*

Based on the above reasons, the Board is of the view that the practices adopted by the Company are consistent with the intent of Principle 3 of the Code.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Composition and Role

For FY2021, the NC comprises the following four Directors, all members, including its Chairman are independent: *Provision 4.2*

Chong Weng Hoe	–	Chairman (Independent)
Lim Jun Xiong Steven	–	Member (Independent)
Chong Wai Siak	–	Member (Independent)
Kok Tee Huck Kenneth	–	Member (Independent)

Subsequent to FY2021, Mr Lim Jun Xiong Steven had stepped down as a Director on 31 December 2021 and Mr Fong Heng Boo was appointed on 1 January 2022 in place of Mr Lim as a member of the NC. *Provision 4.1*

The NC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2018 Code. The NC is responsible for:

(i) reviewing and recommending the nomination or re-nomination of the Directors having regard to the Director’ contribution and performance;

(ii) determining on an annual basis whether or not a Director is independent;

(iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;

(iv) deciding whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a director and where a Director holds a significant number of listed company directorships and principal commitments, assessing the ability of such a Director to diligently discharge his or her duties;

(v) reviewing the composition of the Board annually to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;

(vi) the process and criteria for evaluation of the performance of the Board, its board committees and Directors;

(vii) reviewing Board succession plans for Directors, in particular the Chairman & CEO and key management personnel; and

(viii) reviewing training & professional development programs for the Board and its Directors.

CORPORATE GOVERNANCE REPORT

Board succession Planning

The Board believes in carrying out succession planning for itself and the CEO to ensure continuity of leadership. Board renewal is a continuing process. In this regard, the NC reviews annually the composition of the Board, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether in addition to, or in replacement of retiring Board members, with a view to identifying any gaps in the Board's skills sets taking into account the Company's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competence of the Board.

Nomination and selection of Directors

When the need to appoint a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board members, and identifies the Board's need and shortlists candidates who will complement the skills, competencies and attributes of the existing Board and the requirement of the Group. Potential candidates are selected through internal resources, referrals from existing Directors and/or external search. The candidate must also be able to commit sufficient time and attention to the affairs of the Company, especially he/she is serving on multiple boards. The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, work experiences, abilities and beliefs for better Board performance. New Directors are appointed by way of a Board resolution after the NC has reviewed and recommended the appointment of these new Directors. Article 122 of the Company's Constitution requires that new Directors appointed by the Board shall hold office until the next Annual General Meeting ("AGM"). For re-appointment/re-election, the NC is charged with the responsibility of recommending to the Board the re-appointment/re-election of Director(s) having regard to, among other things, his/their past contribution and performance. *Provision 4.3*

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Constitution of the Company, one third of the Board or if their number is not a multiple of three, the number nearest to but not less than one third with a minimum of one, to retire from office by rotation and be subjected to re-election at the AGM of the Company. A newly appointed Director must also subject himself to retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years. *Rule 720(5)*

Accordingly, the Directors due for re-nomination and re-election at the forthcoming AGM under Article 117 of the Company's Constitution are Mr Er Ang Hooa and Mr Chong Wai Siak whereas Mr Xu Quanqiang, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo who were appointed as Directors during/after the financial year are due for re-nomination and re-election under Article 122 of the Company's Constitution.

After assessing the contribution and performance of the retiring Directors, the NC has recommended (i) the re-election of Mr Er Ang Hooa and Mr Chong Wai Siak, who will be retiring under Article 117 of the Company's Constitution at the forthcoming AGM; and (ii) the re-election of Mr Xu Quanqiang, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo, who will be retiring under Article 122 of the Company's Constitution. Mr Er Ang Hooa, Mr Chong Wai Siak, Mr Xu Quanqiang, Mr KohTee Huck Kenneth and Mr Fong Heng Boo have offered themselves for re-election and the Board has accepted the recommendations of the NC.

Information relating to Mr Er Ang Hooa, Mr Chong Wai Siak, Mr Xu Quanqiang, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo is set out on pages 154 to 163 of the Annual Report, in accordance with Rule 720(6) of the Listing Manual of SGX-ST.

Mr Chong Wai Siak will, upon re-election as a director, remain as the Chairman of the RC and a member of the AC and NC. Mr Koh Tee Huck Kenneth will, upon re-election as a director, remain as a member of the AC, NC and RC. Mr Fong Heng Boo will, upon re-election as a director, remain as the Chairman of the AC and a member of the NC and RC.

CORPORATE GOVERNANCE REPORT

Continuous review of Directors' independence

The NC determines the independence of each director annually, and as and when circumstances require, having regard to the circumstances set out in the Provision 2.1 of the 2018 Code, its Practice Guidance and Rule 210(5)(d) of the Listing Manual of the SGX-ST. The NC requires all the Independent Directors to confirm their independence and their relationships with the Directors, Management and 5% shareholder of the Company by a declaration in writing annually. *Provision 4.4*

For FY2021, there are two independent directors who have served on the Board for more than nine years from the date of their first appointment, 22 November 2011. They are Mr Chong Weng Hoe ("Mr Chong") and Mr Lim Jun Xiong Steven ("Mr Lim"). Guideline 2.4 of the Code of Corporate Governance 2021 continues to apply prior to Rule 201(5)(d)(iii) of the Listing Manual of SGX-ST which comes into effect on 1 January 2022. In subjecting the independence of Mr Chong and Mr Lim to particularly rigorous review, the NC has (with Mr Chong and Mr Lim abstaining from discussion and deliberation) placed emphasis on whether each of them has demonstrated independent judgement, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The NC noted that Mr Chong and Mr Lim have not hesitated to express their own viewpoint as well as seeking clarification from Management on issues they deem necessary and Mr Chong and Mr Lim are able to exercise objective judgement on corporate matters independently, in particular from Management. Accordingly, the NC has determined that Mr Chong and Mr Lim are independent.

The NC had also assessed the independence of Mr Chong Wai Siak, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo (appointed recently), and was satisfied that there was no relationship or other factors such as financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Group or the Group's management, which would impair or compromise their independent judgment or which would deem them not to be independent. Therefore, the NC is of the view that the Board has sufficient independent element and its composition is appropriate to facilitate effective decision-making. Each Independent Director had recused himself in the determination of his own independence.

Alternate Directors

The Board took the stand that alternate directors should only be appointed in exceptional circumstances. In FY2021, the Company has no alternate director on its Board.

Commitment of Directors with Multiple Board Representatives

The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than seven listed Board representations including the Company. All the Directors currently do not sit on the boards of more than seven listed companies. As the number of board representations should not be the only measurement of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold board representations in more than the maximum stated per the guidelines, a request must be made to the NC before submitting to the Board for approval. *Provision 4.5*

The considerations in assessing the capacity of Directors include the following:

- expected and/or competing time commitments of Directors;
- size and composition of the Board;
- nature and scope of the Group's operations and size;
- relevant industry knowledge and experience; and
- relevant corporate, professional and management experience.

CORPORATE GOVERNANCE REPORT

The NC has reviewed each Director's external directorships, their principal commitments, as well attendance and contributions to the Board. Although some Directors hold multiple directorships in non-Group entities, the NC is satisfied that these Directors are able to contribute and adequately performed their duties as Directors of the Company.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The performance of the Board is closely tied to the performance of the Company. The Board should ensure compliance with the applicable laws. Board members should act in good faith, exercise due diligence and care in the best interests of the Company and its shareholders.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any Director for re-election, will evaluate the performance of the Director based on a set of assessment criteria.

Board Evaluation Process

The NC will decide how the Board's performance is to be evaluated and will also propose objective performance criteria which, subject to the approval of the Board, address how the Board has enhanced long-term shareholders' value. The Board has implemented a process which has been carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution of each individual Director to the effectiveness of the Board. *Provision 5.1*

Performance Criteria for Board Evaluation

For the performance of the Board as a whole, the appraisal process focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board's processes and accountability, communication with senior Management and the Directors' standard of conduct.

Performance Criteria for Board Committees

For the performance of the Board Committees, the appraisal process focuses on the evaluation of factors such as the size and composition of the respective Board Committees, the availability of training and resources to assist the Board Committees in discharging their duties, and ability to fulfil their duties and complete the tasks set out by the Board for the respective committees.

Performance Criteria for Individual Directors

The contribution of each individual Director to the effectiveness of the Board is assessed individually. The assessment criteria include, inter-alia, commitment of time, attendance record, level of participation and preparedness, candour and independence.

Annual Assessment

Evaluation of the performance of the Board will be undertaken on a continuous basis by the NC with input from other Board members and the Chairman and CEO. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, board committees and the individual Directors based on the assessment criteria. To ensure confidentiality, all duly completed evaluation forms were submitted to the Company Secretary for collation. The responses on a collective basis are then discussed by the NC. *Provision 5.2*

CORPORATE GOVERNANCE REPORT

The NC discusses the results of the Board's performance evaluation to identify areas where improvements are necessary and makes recommendations to the Board for action to be taken. Each member of the NC abstains from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

The NC then shared the observation and findings with the Board. The Chairman and CEO will act on the results of the evaluation and where appropriate and in consultation with the NC, propose the appointment of new directors or seek the resignation of current Directors. Any renewal or replacement of directors does not necessarily reflect their contribution to date and it may be driven by the need to position and shape the Board in line with the medium term needs of the Group and its business.

The NC has assessed the current performance of the Board and Board Committees to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, the Board Committees and of each individual Director had met their performance objectives.

No external evaluation facilitators were engaged for the financial year in review.

REMUNERATION MATTERS

Procedures for developing remuneration policies, level and mix of remuneration and disclosure of remuneration

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Role and Composition of Remuneration Committee

For FY2021, the RC comprises the following four Directors, all of whom are independent: *Provision 6.2*

Chong Wai Siak	–	Chairman (Independent)
Lim Jun Xiong Steven	–	Member (Independent)
Chong Weng Hoe	-	Member (Independent)
Koh Tee Huck Kenneth	–	Member (Independent)

Subsequent to FY2021, Mr Lim Jun Xiong Steven had stepped down as a Director on 31 December 2021 and Mr Fong Heng Boo was appointed on 1 January 2022 in place of Mr Lim as a member of the RC.

The RC is guided by its terms of reference which is in line with the 2018 Code. The RC's principal responsibilities are: *Provision 6.1*

(i) reviewing and making recommendations to the Board on:

- (a) a framework of remuneration for the Board and key executives; and
- (b) the specific remuneration packages for each Executive Director as well as for the key management personnel,

and in doing so the RC considers all aspects of remuneration, including termination terms, to ensure they are fair;

CORPORATE GOVERNANCE REPORT

(ii) where external remuneration consultant is appointed, reviewing whether the remuneration consultant has any relationship with the Company that could affect his or her independence and objectivity;

(iii) reviewing annually the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 during the year.; and

(iv) administering the Keong Hong Employee Share Option Scheme. The Keong Hong Employee Share Option Scheme had lapsed on 21 November 2021.

Remuneration Framework

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. Although the recommendations are made in consultation with the Chairman and CEO, the remuneration packages are ultimately approved by the entire Board. No Director will be involved in deciding his own remuneration. Each member of the RC shall abstain from voting on any resolution and making any recommendations in respect of his remuneration package.

The RC also reviews the Company's obligations arising in the event of termination of the Chairman and Chief Executive Officer, and key management personnel's contracts of service, to ensure that such contract of service contain fair and reasonable termination clauses which are not overly generous. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. If required, the RC will consider instituting such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management personnel paid in prior years in such exceptional circumstances. *Provision 6.3*

RC's access to Independent Advice

The RC may from time to time, when necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. During FY2021, the Company did not engage any independent remuneration consultant. *Provision 6.4*

Performance-linked Remuneration

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual's performance, the latter of which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year. The Executive Directors do not receive Directors' fees. The corporate and individual performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders in order to promote the long-term success of the Company. The Executive Directors and key management personnel had met their respective key performance indicators in respect of FY2021. *Provisions 7.1 and 7.3*

Mr Leo had entered into a service agreement with the Company in which the terms of his employment are stipulated. His employment contract is for a period of three (3) years and is renewed for such period and on such terms as may be agreed between the Company and Mr Leo. Under the service agreement, Mr Leo will be paid performance bonus based on the consolidated profit before taxation of the Group, when it exceeds S$5.0 million for the financial year.

Directors' Fees for Non-Executive Directors

Director's fees for the Independent Directors and Non-Executive Director are set in accordance with the remuneration framework comprising basic fees and committee fees, taking into account their effort, time spent and responsibilities. These are subject to the approval of the Company's shareholders during the Company's AGM. *Provision 7.2*

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Remuneration Report for Directors and Key Management Personnel

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of each individual Director and Group's key management personnel (who are not Directors) is not in the best interests of the Company. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group. *Provisions 8.1 and 8.3*

A breakdown showing the level and mix of each individual Director's and key management personnel's remuneration payable for FY2021 in bands of S$250,000 which provides sufficient overview of the remuneration of the Directors and key management personnel are as follows:

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Benefits in kind (%)	Total (%)
Executive Directors					
S$750,000 to S$1,000,000					
Leo Ting Ping Ronald	–	75	20	5	100
S$250,000 to below S$500,000					
Er Ang Hooa	–	80	14	6	100
Tan Kah Ghee(1)	–	90	–	10	100
Independent Directors & Non-Executive Director					
S$50,000 and below					
Lim Jun Xiong Steven	100	–	–	–	100
Chong Weng Hoe	100	–	–	–	100
Chong Wai Siak	100	–	–	–	100
Leo Zhen Wei Lionel(2)	100	–	–	–	100
Xu Quanqiang(3)	100	–	–	–	100
Key Management Personnel					
S$250,000 to below S$500,000					
Ng Siew Khim	–	85	15	–	100

(1) Mr Tan Kah Ghee had resigned as an Executive Director on 16 September 2021 and as Chief Financial Officer on 8 November 2021.
(2) Mr Leo Zhen Wei Lionel had ceased to be a Non-Executive Non-Independent Director on 30 September 2021 as part of the Board renewal plan.
(3) Mr Xu Quanqiang was appointed as a Non-Executive Non-Independent Director on 29 March 2021.

The annual aggregate remuneration paid to the Key Management Personnel for FY2021 was S$0.25 million.

There is no employee who is related to a Director, Chairman and CEO, or substantial shareholder, whose remuneration exceeds S$100,000 in the Group's employment for FY2021. *Provision 8.2*

There is no termination, retirement, post-employment benefits that are granted to the Directors, Chairman and CEO, and top key management personnel.

CORPORATE GOVERNANCE REPORT

Share Option Scheme

The Company has a share option scheme, known as Keong Hong Employee Share Option Scheme (the "Scheme"), which was approved by the shareholders at an extraordinary general meeting held on 21 November 2011. The RC administers the Scheme in accordance with the rules of the Scheme. *Provision 8.3*

The Scheme, which forms an integral component of the Company's compensation plan, is designed to reward and retain eligible participants whose services are vital to the well-being and success of the Company. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate, and also increases the dedication and loyalty of these participants and motivates them to perform better. The share option is granted based on performance criteria such as the position of the eligible employee, length of service and the performance score achieved by the eligible employee.

Under the rules of the Scheme, Executive Directors and Non-Executive Directors (including Independent Directors) and employees of the Group, who are not controlling shareholders are eligible to participate in the Scheme.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans (where applicable) of the Company, shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of the options.

The number of options to be offered to a participant shall be determined at the discretion of the RC which shall take into account criteria such as rank, past performance, years of service and potential for future development of that participant. However, in relation to the associates of the controlling shareholders, the aggregate number of shares which may be offered shall not exceed 25% of the total number of shares available under the Scheme and the aggregate number of shares which may be offered to each associate of the controlling shareholders shall not exceed 10% of the shares available under the Scheme.

The options that are granted under the Scheme may have exercise prices that are, at the RC's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for the shares on the Official List of the SGX-ST Mainboard for the five consecutive trading days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the options.

The Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. As at 21 November 2021, the Scheme had expired as the Board had decided not to extend the existing Scheme given the current unfavourable market conditions.

Further details of the Scheme are found in the Directors' Statement. *Rule 1207 (16)*

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls and Audit Committee

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Risk Management and Internal Control Systems

Provision 9.1

The Board is responsible for the governance of risk and sets the tone and direction for the Company in the way that it expects risks to be managed. The Board has overall responsibility for approving the business strategies of the Company in a manner which addresses stakeholders' expectations and does not expose the Company to an unacceptable level of risk which could impede the achievement of the Company's objectives. The Board sets the direction for how risk is to be managed in the pursuit of business objectives and promotes a risk aware and risk conscious culture, which is one where Management understands the importance of risk management and their responsibilities therein.

Enterprise Risk Management Framework

The Company has developed and continues to review and update the Risk Governance and Internal Control Framework Manual ("The Manual"). The Manual sets out the risk governance responsibilities, business strategies, risk tolerances, risk appetites and the accountability and oversight for the appropriate risk management activities which mitigate the occurrence and exposure to significant risks that could impede business objectives. Management has defined the business objectives to be pursued for the financial year and the specific risk tolerance and appetite limits. The Board has been provided the basis for which they are able to delegate their responsibilities and the authority and limits assigned to Management in respect of these critical business activities. The Board and the Company have through this Manual articulated the operating policies and risk mitigation activities that are in place to mitigate and provide contingencies to deal with the occurrence of significant business risks. In addition to this, Management has been evaluated on their ability to maintain an adequate and effective system of internal control environment. This evaluation takes into consideration the key internal control principles of ISO 31000:2009 Risk Management framework and the components of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") which are the control environment, risk assessment, control activities, information and communication, and the monitoring activities within the Company. Management has provided responses to the Board to explain how they intend to resolve any potential internal control deficiencies identified through this process.

To supplement the Manual, the Company already has in place an Enterprise Risk Management ("ERM") framework which is aligned with the requirements of COSO Internal Controls Integrated Framework.

The Company has updated the risk profile in the ERM framework through a Group-wide risk assessment exercise conducted in FY2021. This ensures that the risk register is current and reflects the changing business risk exposures and addresses the significant and relevant risks to the Group, the risk owners responsible for managing the identified risks and the internal controls in place to address those risks. Management continues to regularly review and update the risk register with the objective of assigning clear accountability and ownership of risks at the operating level to manage risks, addressing any material breaches in risk thresholds and highlighting any emerging or material risks to the Board. This serves to uphold the effectiveness of risk management as the second line of defense.

The Group's Internal Auditors have taken into consideration the Risk Governance and Internal Control Framework Manual, the updated risk register and risk profile contained within the Group's Risk Assessment Report when preparing the annual internal audit plan. This risk-based internal audit plan is approved by the AC and internal audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls and risk management in addressing financial, operational, information technology and compliance risks. This serves to ensure that internal audit as the third line of defense is able to function effectively. In addition, material control weaknesses over financial reporting, if any, are highlighted by the External Auditors in the course of the statutory audit.

CORPORATE GOVERNANCE REPORT

Risk Committee

The Company has not established a separate Risk Committee. The responsibility for risk governance and oversight of the ERM framework and program rests with the AC.

The AC is independent and assists the Company in its oversight of risk management. The AC's responsibilities on risk management are as follows:

- to review and adopt the risk governance approach and risk policies of the Company which are then proposed to the Board;
- to review the risk management methodology adopted by the Company;
- to review the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks and threats relevant to the Company;
- to review Management's assessment of risks and Management's action plans to mitigate such risks;
- to propose the risk appetite and risk tolerance limits to the Board;
- to review any material breaches of risk limits;
- to review the Company's anti-fraud procedures including the Whistle Blowing Policy and ensures appropriate follow-up actions;
- to report to the Board on matters, findings and recommendations relating to risk management; and
- to review the adequacy and effectiveness of the Company's risk management systems.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board has obtained a declaration of compliance from the Company's key management personnel including the Chairman and CEO, and Chief Financial Officer ("CFO") that: *Provision 9.2*

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) the Group's risk management and internal control systems remain effective; and

(c) there has been full conformance with the risk governance activities and responsibilities as outlined in the Company's Risk Governance and Internal Control Framework Manual.

Based on the internal control policies and procedures established and maintained by the Company, the reviews done by the Internal Auditors, Management and the Board, the Board is satisfied that there were adequate and effective internal controls, (including financial, operational, compliance and information technology controls) and risk management systems. The AC concurs with the Board's comment, The Board, together with the AC and Management, will continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. There were no material weaknesses identified by the Board or the AC for FY2021. *Rule 1207 (10)*

The system of internal controls and risk management established by the Company provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board is also mindful that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an AC which discharges its duties objectively.

Roles, Responsibilities and Authority of AC

For FY2021, the AC comprises the following four Directors, all the members, including its Chairman are independent: *Provision 10.2*

Lim Jun Xiong Steven	–	Chairman (Independent)
Chong Weng Hoe	–	Member (Independent)
Chong Wai Siak	–	Member (Independent)
Koh Tee Huck Kenneth	–	Member (Independent)

Subsequent to FY2021, Mr Lim Jun Xiong Steven had stepped down as a Director on 31 December 2021 and Mr Fong Heng Boo was appointed on 1 January 2022 in place of Mr Lim as the Chairman of the AC.

The profiles of each AC members are set out on pages 18 to 21 of this Annual Report. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management knowledge, expertise and experience to discharge their responsibilities properly. *Provision 10.2*

None of the AC members are former partners or Directors of, or have any financial interests in, the Company's existing auditing firm or auditing corporation. *Provision 10.3*

The role of the AC is to assist the Board in overseeing the adequacy and effectiveness of the overall system of internal control, the internal audit functions within the Group, the scope of audit by the external auditor as well as their independence. The AC's roles and responsibilities are described in its terms of reference. The duties of the AC include: *Provision 10.1*

(i) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(ii) reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;

(iii) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(iv) making recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(v) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit functions;

(vi) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(vii) reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(viii) reviewing the assistance given by the Company's officers to the external auditors;

(ix) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(x) reviewing the interested person transaction in accordance with the Listing Manual of the SGX-ST (if any);

CORPORATE GOVERNANCE REPORT

(xi) meeting with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually; and

(xii) reporting to the Board the significant issues and judgements that the AC considered in relation to the financial statements, and how these issues were addressed.

Apart from the duties listed above, the AC, if required, may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The AC has been given full access and obtained the co-operation of Management. The AC has the explicit authority to investigate any matter within its terms of reference. It has full discretion to invite any Director or executive officer to attend its meetings, and be given reasonable resources to enable it to discharge its functions properly.

The AC has met with the External Auditors of the Company, without the presence of Management, to discuss the results of their audit and their evaluation of the systems of internal accounting controls. *Provision 10.5*

The AC has reviewed the nature and extent of non-audit services in respect of the provision of tax compliance services by the External Auditors, including the fees paid in respect of the financial year ended 30 September 2021, as shown on page 127 of the Annual Report, is of the view that the provision of such non-audit services does not compromise the independence of the External Auditors.

The AC has also reviewed and confirmed that BDO LLP is a suitable audit firm to meet the Company's audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, the External Auditors' non-audit service, the size and complexity of the Group, number and experience of supervisory and professional staff assigned to the Group's audit.

The AC is satisfied with the independence and objectivity of the External Auditors and has recommended that BDO LLP be re-appointed as the Company's External Auditors in respect of financial year ending 30 September 2022 ("FY2022") at the forthcoming AGM. The aggregate audit and non-audit fees paid to the External Auditors for FY2021 are set out on page 127 of this Annual Report.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions are held with the External Auditors when they attend the AC meetings every half yearly. The AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual in relation to its auditing firms have been complied with.

The Board conducts periodic reviews and assessments of the internal controls for its financial, operational and compliance functions, and the internal audit systems put in place by Management to ensure the integrity and reliability of the Group's financial information and to safeguard its assets. Any recommendations from the internal and External Auditors to further improve the Company's internal controls are reported to the AC.

In the review of the financial statements of the Group and the Company for FY2021, the AC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed and addressed, among other matters, the following key audit matters ("KAMs") as reported by the External Auditors for FY2021.

CORPORATE GOVERNANCE REPORT

Key audit matters	How these Issues were addressed by the AC
Accounting for construction contracts	The AC reviewed the contract revenue recognition using cost-based input method that reflects the over-time transfer of control to its customers. The AC considered Management's judgements and estimates used in the determination of total construction contract costs and found them to be appropriate.
Impairment assessment of investment in an associates	The AC considered Management's approach and assumptions in assessing for impairment of its investments in the associates. The AC considered the reasonableness of the significant judgements and estimates involved in determining the present value of future cash flows from the associates and the adequacy of the expected credit loss allowance and were satisfied that these were appropriate.

Details on the KAMs can be found on pages 54 to 55 of the Annual Report.

Internal Audit Function

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The AC has the mandate to authorise special reviews or investigations, where appropriate in discharging its responsibilities.

The internal audit function of the Group is currently outsourced to RSM Risk Advisory Pte Ltd (the "Internal Auditor") which reports directly to the AC and administratively to the CFO. The Internal Auditor supports the AC in their role to assess the adequacy and effectiveness of the Group's overall system of operational, financial, technology and compliance related controls and this forms the third line of defense for the AC to discharge its responsibilities. *Provision 10.4*

To ensure the adequacy of the internal audit function, the AC reviews and approves the risk based internal audit plan on an annual basis. The Internal Audit function is adequately staffed with sufficiently experienced and qualified professionals who conduct their reviews in accordance with the International Professional Practices Framework Standards.

The Internal Audit function is independent of all the areas and activities which are covered under the scope of review and they have unfettered access to all documents and personnel relating to the areas or activities which are covered under the annual internal audit plan. *Provision 10.4*

The AC is satisfied that the internal audit function is independent, effective and adequately resourced. *Rule 1207(10C)*

During the year, the AC met with the Internal Auditor of the Company, without the presence of Management, to discuss the results of their audit and their evaluation of the Company's systems of internal controls. *Provision 10.5*

Whistleblowing Policy

The Company has implemented a Whistleblowing Policy whereby accessible channels are provided for employees, shareholders, clients, consultants, vendors, contractors and sub-contractors, to raise concerns about possible improprieties in financial reporting, fraudulent acts and other irregularities, and to ensure that arrangements are in place for independent investigations of such matters and timely implementation of appropriate preventive and corrective actions. The AC is responsible for oversight and monitoring of whistleblowing and the AC reviews all whistleblowing complaints, if any, at its quarterly meetings to ensure independence thorough investigation and appropriate follow-up actions are taken. The Company will treat all information received as confidential and will protect the identity of all whistleblowers from reprisal. It is also committed to ensuring that whistleblowers will be treated fairly, and protected against detrimental or unfair treatment for whistleblowing in good faith. The details of the Whistleblowing Policy are available on the Company's website. During FY2021, there was no incident of concern reported to the AC.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Opportunity for Shareholders to Participate and Vote at General Meetings

The Company does not practise selective disclosure. Price sensitive information is promptly released on SGXNET after trading hours. Financial results and annual reports are announced or issued within the mandatory periods. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.keonghong.com.

General Meetings

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders entitled to attend and vote at general meetings of the Company to appoint not more than two proxies to attend and vote on behalf. In the case of a shareholder who is a relevant intermediary (as defined in the Companies Act), it may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy forms are to be deposited at the Company's Share Registrar office not less than 72 hours before the meeting. Detailed information on each item of the AGM agenda can be found in the explanatory notes to the AGM Notice in the Annual Report. *Provision 11.1*

Due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the annual general meeting of the Company held in respect of the financial year ended 31 September 2020 was held on 28 January 2021 by way of electronic means and shareholders were not able to attend the annual general meeting in person. To enable shareholders to participate in and vote effectively at the annual general meeting held by way of electronic means, the Company had set out detailed information on the alternative arrangements relating to attendance at the annual general meeting, submission of questions in advance of the annual general meeting, and voting procedures for the annual general meeting (the "Alternative Arrangements") in the Company's announcement dated 6 January 2021 on the SGXNET.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2021 will also be convened and held by electronic means. The Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place. Shareholders are reminded to check the SGXNET and the Company's website regularly for updates on the AGM arrangements which may change on short notice in view of the evolving COVID-19 situation.

Separate Resolutions at General Meetings

The Company provides for separate resolutions at general meeting on each distinct issue. All the resolutions at the general meetings are single item resolutions. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting *Provision 11.2*

The Company has been conducting non-electronic poll voting for all resolutions passed at the general meetings of shareholders to give a greater transparency in the voting process. The Company chooses non-electronic poll voting as it is less costly and still gives an acceptable turnaround time to generate poll results. Votes cast for, or against, for each resolution will be tallied and read out by the Chairman of the Meeting immediately at the meeting. The total numbers and percentage of votes cast for or against the resolutions are also announced after the conclusion of the meeting via SGX-ST's website.

CORPORATE GOVERNANCE REPORT

Attendees at General Meeting

All the Directors (including chairpersons of the Board Committees) attend all general meetings of the Company and the External Auditors will also be present in addressing queries raised by shareholders relating to the conduct of the audit and the preparation and the content of the auditors report. All the Directors held in office during the financial year were present at both the AGM and EGM held in 2021. The External Auditors were also present at the AGM held in January this year. *Provision 11.3*

Absentia Voting at General Meetings

As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. *Provision 11.4*

Minutes of General Meetings

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. Provision 1.5 requires companies to publish minutes of general meetings with shareholders on its corporate website as soon as practicable. The Company published its minutes of general meetings via the SGXNet and on the Company's corporate website within one (1) month from the conclusion of the general meetings. *Provision 11.5*

Dividend Policy Guideline

The Company does not have a fixed dividend policy. The frequency and amount of dividend distribution will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Since the listing of the Company on SGX in 2011 and prior to the financial year ended 2020, it has good track record of paying dividends every half-yearly/yearly. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET. *Provision 11.6*

ENGAGEMENT WITH SHAREHOLDERS *Provision 12.1*

Principle 12: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Communication with Shareholders

In line with the continuous disclosure obligations under the requirements of the SGX-ST Listing Manual and requirements of the Companies Act 1967, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group.

The Company communicates (at least once annually at the AGM) with it is shareholders and facilitates the participation of shareholders during general meetings and (where applicable) other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Investor Relations Policy

The Company has in place an investor relations policy and has engaged an external professional investor relation ("IR") firm, 29 Communications as its IR with the aim to better communicate with its shareholders and analyst on a regular basis and to gather views or inputs and take any of their queries or concerns. The IR firm also manages the dissemination of information to the media, public, institutional investors and public shareholder, and act as liaison with these parties. Shareholders can contact or provide their views directly to the IR firm via a dedicated 'Investor Relations' link at the Company's website. *Provisions 12.2 and 12.3.*

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Relationship with Stakeholders

The Company values input from all of its stakeholder groups and uses a variety of channels and platforms to engage with them as well as receive their feedback. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as those external organisations that have expertise in aspects that the Company considers material. *Provision 13.1*

Sustainability Report

The Company's strategy and key areas of focus in relation to the management of stakeholders' relationships have been disclosed in the standalone Sustainability Report for FY2021 issued on 28 February 2022. *Provision 13.2*

Corporate website

The Company maintains a corporate website to communicate and engage with all stakeholders. The Company's corporate website is at www.keonghong.com. *Provision 13.3*

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code which prohibits dealings in the securities of the Company by Directors and officers while in possession of price-sensitive information. The Company, Directors and officers should not deal in the Company's securities on short term consideration and are prohibited from dealing in the securities of the Company during the period beginning two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and one month before the announcement of full year results, and ending on the date of such announcements. In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. *Rule 1207(19)(a) and (C)*

Following the Company's cessation on quarterly reporting from financial year ended 30 September 2020, the internal code on dealing in securities of the Company has been updated whereby the Company, Directors and employees of the Group are not permitted to deal with the securities of the Company during the period beginning one month before the announcement of the half year and full year financial statements results and ending on the date of the announcement.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries involving the interest of the Chairman and CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Company has set out procedures governing all interested person transactions to ensure that they are carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

During the year, there was no interested person transaction in value of S$100,000 or above that had entered into with a firm in which a Director is a member and has a substantial financial interest.

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

CODE OF CONDUCT

The Company has a Code of Conduct for employees that sets the ethos and conduct expected of employees. The Code of Conduct provides guidance on issues such as conflict of Interest, the Company's stance against gambling, fraud and bribery, and safeguarding of Company's assets and proprietary information. Employees are required to observe and maintain high standards of integrity, as well as to comply with laws and regulations, and company policies.

The Company has in place practices covering data protection and workplace health and safety, and clear guidelines on how to handle workplace harassment and grievances. The Code of Conduct, policies and guidelines are published on the Company's intranet which is made available to all employees. New employees are introduced to this Code of Conduct during their induction.

CORPORATE SOCIAL RESPONSIBILITY

The Group views sustainability reporting as an opportunity to share its current practices as it seeks to embed sustainability into the Group's day-to-day operations. The Board strives to align the Group's strategic policies and practices with leading standards in the Environmental, Social and Governance (ESG) themes. More information on the material ESG matters is available in the Sustainability Report 2021. The Group has issued its Sustainability Report 2021 and published on 28 February 2022.

DIRECTORS' STATEMENT

The Directors of Keong Hong Holdings Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 September 2021, the statement of financial position of the Company as at 30 September 2021 and statement of changes in equity of the Company for the financial year ended 30 September 2021.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, having regard to the factors of going concern assumptions disclosed in Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Leo Ting Ping Ronald	(Chairman and Chief Executive Officer)
Er Ang Hooa	(Executive Director)
Chong Weng Hoe	(Lead Independent Director)
Chong Wai Siak	(Non-Executive Independent Director)
Xu Quanqiang	(Non-Executive and Non-Independent Director) (Appointed on 29 March 2021)
Koh Tee Huck Kenneth	(Non-Executive Independent Director) (Appointed on 30 September 2021)
Fong Heng Boo	(Non-Executive Independent Director) (Appointed on 1 January 2022)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 5 in this statement below.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

Name of directors and companies in which interests are held	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Company:				
Keong Hong Holdings Limited				
(Number of ordinary shares)				
Leo Ting Ping Ronald	53,423,250	34,994,400	68,423,250	37,500,000
Er Ang Hooa	500,000	500,000	–	–
Leo Zhen Wei Lionel	420,300	420,300	–	–
5.75% fixed rate Notes due 15 September 2021 pursuant to the Multicurrency Medium Term Note Programme established on 17 April 2015				
Lim Jun Xiong Steven	–	–	$750,000	–
6.25% fixed rate Notes due 19 August 2023 pursuant to the Multicurrency Medium Term Note Programme established on 22 July 2020				
Leo Ting Ping Ronald	–	–	$2,000,000	$2,000,000
Chong Weng Hoe	–	–	$250,000	$250,000
Lim Jun Xiong Steven	–	–	–	$250,000

By virtue of Section 7 of the Act, Mr Leo Ting Ping Ronald is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 October 2021 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 30 September 2021.

5. Share options

(a) Options to take up unissued shares

At the Company's Extraordinary General Meeting held on 21 November 2011, the shareholders approved the Keong Hong Holdings Limited Employee Share Option Scheme (the "Scheme"). The Scheme is administered by the Company's Remuneration Committee, comprising Chong Wai Siak, Lim Jun Xiong Steven, Chong Weng Hoe and Mr Koh Tee Huck Kenneth (the "Committee"). This Scheme is designed to reward and retain the eligible participants whose services are vital to the success of the Company. Under the rules of the Scheme, Executive Directors and Non-Executive Directors and employees of the Group, who are not controlling shareholders are eligible to participate in the Scheme.

DIRECTORS' STATEMENT

5. **Share options** (Continued)

(a) **Options to take up unissued shares** (Continued)

Other information regarding the Scheme is set out below:

– The exercise price of the options can be set at a price at a discount to the market price not exceeding 20% of the market price;

– The market price is determined based on the average of the last dealt prices of the ordinary shares of the Company on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") over the five consecutive market days immediately preceding the date of grant;

– The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the options are exercisable over a period of 8 years.

– All options are settled by physical delivery of shares.

The aggregate number of shares over which the Committee may grant options on any date, when added to the number of shares issued or issuable and/or transferred or transferable in respect of all options granted under the Scheme and any other share schemes of the Company, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the date immediately preceding the grant of an option (or such other limit as the SGX-ST may determine from time to time).

(b) **Unissued shares under option and options exercised**

The numbers of outstanding share options under the scheme are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year	Exercise price $	Exercisable period
1/10/2013	650,000	–	–	–	650,000	0.310	1.10.2015 to 30.9.2023
20/6/2014	630,000	–	–	–	630,000	0.310	1.10.2015 to 30.9.2023
1/12/2014	200,000	–	–	–	200,000	0.315	1.12.2016 to 30.11.2024
8/1/2016	1,650,000	–	–	–	1,650,000	0.400	8.1.2018 to 7.1.2026
3/4/2017	300,000	–	–	–	300,000	0.355	3.4.2019 to 2.4.2027
2/4/2018	2,525,000	–	–	–	2,525,000	0.460	2.4.2020 to 1.4.2028
16/4/2019	500,000	–	–	–	500,000	0.400	16.4.2021 to 15.4.2029
Total	6,455,000	–	–	–	6,455,000		

There were no options granted to executive directors, key executive officers and employees during the financial year (2020: nil).

DIRECTORS' STATEMENT

5. **Share options** (Continued)

(b) **Unissued shares under option and options exercised** (Continued)

No employees or employee of related corporations has received 5% or more of the total options available under this scheme, except as disclosed below.

Name of employee	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Er Ang Hooa	–	1,300,000	(200,000)	–	1,100,000
Ng Siew Khim	–	950,000	(320,000)	–	630,000
Khoo Hong Choon	–	775,000	(625,000)	–	150,000
Toh Goon Yong	–	775,000	(625,000)	–	150,000

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual).

The information on Directors of the Company participating in the Scheme is as follows:

Name of Director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Er Ang Hooa	–	1,300,000	(200,000)	–	1,100,000

6. **Audit committee**

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee at the date of this statement are:

Fong Heng Boo (Chairman)
Chong Weng Hoe
Chong Wai Siak
Koh Tee Huck Kenneth

The Audit Committee has met 4 times during the financial year ended 30 September 2021. The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following:

(a) review with the external auditors the audit plans, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and the management's response;

(b) review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report (where necessary);

DIRECTORS' STATEMENT

6. **Audit committee** (Continued)

The Audit Committee has met 4 times during the financial year ended 30 September 2021. The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following: (Continued)

(c) review the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(d) review the internal control and procedures relevant to the audit and ensure co-ordination between the external auditors, internal auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(e) review the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditors' report on those financial statements before their submission to the Directors of the Company;

(f) review the co-operation and assistance given by the Company's officers to the external and internal auditors;

(g) review the half-yearly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(h) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(i) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(j) review transactions falling within the scope of Chapter 9 and Chapter 10 of the SGX-ST Listing Manual (if any);

(k) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(l) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(m) review the key financial risk areas, with a view to providing an independent oversights on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or the findings are material, immediately announced via SGXNET;

(n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(o) generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(p) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(q) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, including such amendments made thereto from time to time.

DIRECTORS' STATEMENT

6. Audit committee (Continued)

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

In appointing our external auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

7. Independent auditor

The independent auditor, BDO LLP, has expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Leo Ting Ping Ronald
Director

Er Ang Hooa
Director

Singapore
28 February 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Keong Hong Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 58 to 147 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2021;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group incurred a net loss of $20,180,000 for the financial year ended 30 September 2021. As at 30 September 2021, the Group and the Company is in a net current liabilities position of $26,205,000 and $25,231,000 respectively.

As at 30 September 2021, the Group and the Company have obligations in the form of Medium Term Notes ("MTN") amounting to $47,955,000 referred to in Note 28 to the financial statements. Due to the breach of the interest coverage ratio, the MTN which fall due on 19 August 2023 ("Maturity Date") have been classified as current liabilities. Arising from the change of controlling shareholder of the Company subsequent to the financial year ended 30 September 2021, the MTN holders may also exercise the option to request redemption of the MTN by the Company before the maturity date.

As announced on the Singapore Exchange on 24 February 2022, the Group and the Company have received the letter of financial support from the ultimate holding company, LJHB Holdings (S) Pte. Ltd..

The ability of the Group and the Company to continue as a going concern is dependent on continuing financial support by LJHB Holdings (S) Pte. Ltd., receipt of dividends from its joint venture and continuing support from its bankers.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	AUDIT RESPONSE
1 Accounting for construction contracts	
Revenue from construction contracts amounted to $75,411,000 and it represented 98% of the total revenue of the Group for the financial year ended 30 September 2021. The Group's core businesses are those of general and building contractors. Revenue from construction contracts are recognised by applying the cost-based input method that reflects the over-time transfer of control to its customers. The amount of revenue recognised is dependent on the stage of completion of the construction contracts, which is measured based on the proportion of contract costs incurred to date over the estimated total contract costs for each construction contract. The Group's accounting policy on revenue recognition from construction contracts is set out in Note 2.16 to the financial statements. Significant judgement is required to estimate the total construction contract costs that will affect the measure of progress and revenue and profit margins recognised from construction contracts. In addition, there was an increase in the level of estimation uncertainty and judgement in determining the total estimated construction contract costs for ongoing contracts as at 30 September 2021 arising from the disruption to the supply chain for construction materials, supply of foreign construction workers and volatile economic conditions brought on by the COVID-19 endemic. Accordingly, we have identified this area as a key audit matter. Refer to Notes 3.2(i), 17 and 31 of the accompanying financial statements.	We performed the following audit procedures, amongst others: • Assessed the Group's internal controls over the recording of revenue and costs for construction contracts; • Traced approved variation orders included in total contract sums to surveyor/architect's certification; • Traced the estimated cost to complete for significant contracts on a sample basis by substantiating costs that have been committed to sub-contractor quotations and contracts entered; • Reviewed the revisions made to budgeted project costs by project quantity surveyors and management due to impact of COVID-19 endemic and assessed the reasonableness of such revisions; • Tested the costs incurred for all projects on a sample basis by checking that the costs were properly allocated to their respective contracts and that these costs were directly attributable costs supported by suppliers invoices or other supporting documents; • Reviewed management's identification of loss making construction contracts and assessed the reasonableness of the provision for onerous contracts determined by management; • Checked the arithmetical accuracy of the revenue recognised based on the input method computations; • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Key Audit Matters (Continued)

KEY AUDIT MATTERS	AUDIT RESPONSE
2 Impairment assessment of investments in associates	
The Group's investments in associates comprise of investments in equity interests and amounts due from the associates. The associates of the Group are mainly in the business of hospitality operations and construction services. As at financial year end, the Group applied the general approach to measure the expected credit losses on the amounts due from associates. As at 30 September 2021, management considered the changes in credit risk of the associates and determined the loss allowance based on 12-month expected credit loss ("ECL"). ECL of $2,990,000 was reversed during the financial year. Additionally during the financial year, arising from indicators of impairment in the associates, the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements. The recoverability of the interest in these associates are dependent on the profitability from its hospitality operations and construction services. Management has determined the recoverable amounts using the value-in-use method by estimating the present value of future cash flows of the associates and no additional impairment loss was recognised for the current financial year. We focused on this area as a key audit matter due to significant management judgements and estimates involved in determining the present value of future cash flows from the associates. In addition, there was an increase in the level of estimation uncertainty in determining the profitability of the associate's hospitality operations and construction services as at 30 September 2021 arising from the volatility in economic conditions brought on by the COVID-19 endemic. Refer to Notes 3.2(ii), 9, 14 and 42.1 of the accompanying financial statements.	We performed the following audit procedures, amongst others: • Evaluated management's assessment of whether the credit risk of the amounts due from associates have increased significantly; • Reviewed the adequacy of ECL allowance at end of the financial year, including assessing whether management's approach is consistent with SFRS(I) 9 requirements; • Discussed with management and evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows taking into consideration the current economic and business environment which are affected by COVID-19 endemic, including performing analytical procedures and comparing the revenue growth rates against historical performance and industry outlook, as appropriate; • Assessed the reasonableness of the key assumptions and estimates used in the future cash flows, including the revenue growth rates, discount rates and terminal growth rates used; • Engaged our internal valuation specialist to independently develop expectations on the discount rates and terminal growth rates applied; • Carried out sensitivity analysis on revenue growth rates, discount rates and terminal growth rates applied by management to determine the impact on the carrying amount of the investments in associates; and • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kuang Hon.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Non-current assets					
Property, plant and equipment	5	**20,908**	25,488	**–**	–
Right-of-use assets	6	**6,353**	7,415	**74**	123
Investment properties	7	**21,382**	23,366	**–**	–
Investments in subsidiaries	8	**–**	–	**29,181**	32,297
Investments in associates	9	**31,055**	30,204	**7,123**	7,123
Investments in joint ventures	10	**32,275**	31,656	**–**	–
Intangible assets	11	**9**	211	**–**	–
Financial assets at FVOCI	12	**30,872**	42,171	**2,145**	2,895
Financial asset at FVTPL	13	**19,806**	23,392	**–**	–
Non-trade receivables	14	**36,815**	34,562	**–**	–
Deferred tax assets	30	**67**	593	**–**	–
Total non-current assets		**199,542**	219,058	**38,523**	42,438
Current assets					
Inventories	16	**836**	1,242	**–**	–
Trade and other receivables	14	**42,756**	115,000	**22,160**	68,437
Contract assets	17	**35,443**	17,001	**–**	–
Prepayments		**992**	741	**13**	12
Fixed deposits	18	**2,172**	2,243	**623**	621
Cash and bank balances	18	**20,874**	38,289	**2,252**	14,030
		103,073	174,516	**25,048**	83,100
Non-current assets classified as held for sale	15	**1,880**	–	**–**	–
Total current assets		**104,953**	174,516	**25,048**	83,100
Total assets		**304,495**	393,574	**63,571**	125,538

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Equity					
Share capital	19	**25,048**	25,048	**25,048**	25,048
Treasury shares	20	**(3,303)**	(3,303)	**(3,303)**	(3,303)
Share option reserve	21	**2,041**	2,030	**2,041**	2,030
Foreign currency translation reserve	22	**675**	837	**–**	–
Merger reserve	23	**(4,794)**	(4,794)	**–**	–
Fair value reserve	24	**(25,559)**	(14,465)	**(4,680)**	(3,930)
Other reserve		**1,125**	1,125	**–**	–
Retained earnings		**163,432**	180,987	**(5,872)**	2,851
Equity attributable to owners of the parent		**158,665**	187,465	**13,234**	22,696
Non-controlling interests		**(1,065)**	1,615	**–**	–
Total equity		**157,600**	189,080	**13,234**	22,696
Non-current liabilities					
Bank borrowings	26	**9,801**	7,399	**–**	–
Lease liabilities	27	**5,423**	6,220	**58**	79
Medium term notes	28	**–**	47,933	**–**	47,933
Provisions	29	**512**	512	**–**	–
Deferred tax liabilities	30	**1**	1	**–**	–
Total non-current liabilities		**15,737**	62,065	**58**	48,012
Current liabilities					
Contract liabilities	17	**129**	378	**–**	–
Trade and other payables	25	**28,327**	46,846	**2,303**	3,791
Bank borrowings	26	**34,948**	29,847	**–**	–
Lease liabilities	27	**892**	984	**21**	20
Medium term notes	28	**47,955**	51,019	**47,955**	51,019
Provisions	29	**14,119**	4,539	**–**	–
Current income tax payable		**4,788**	8,816	**–**	–
Total current liabilities		**131,158**	142,429	**50,279**	54,830
Total liabilities		**146,895**	204,494	**50,337**	102,842
Total equity and liabilities		**304,495**	393,574	**63,571**	125,538

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	**2021** **$'000**	2020 $'000
Revenue	31	**76,952**	82,942
Cost of sales		**(69,464)**	(52,161)
Gross profit		**7,488**	30,781
Other item of income			
Other income	32	**7,398**	11,054
Other items of expense			
Administrative expenses		**(19,476)**	(22,379)
Reversal/(Loss) allowance on financial assets			
– trade and other receivables		**(210)**	260
– contract assets		**(703)**	(35)
– long-term interests		**2,990**	(691)
– financial guarantee contracts		**1,306**	817
Finance costs	33	**(7,026)**	(6,363)
Other expenses		**(686)**	(11,772)
Share of results of joint ventures, net of tax		**(2,835)**	6,880
Share of results of associates, net of tax		**(5,853)**	(21,954)
Loss before income tax	34	**(17,607)**	(13,402)
Income tax expense	35	**(2,573)**	(5,428)
Loss for the financial year		**(20,180)**	(18,830)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(162)**	343
Share of other comprehensive income of joint venture		**–**	6.
Income tax relating to items that may be subsequently reclassified		**–**	–
Items that may not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at FVOCI		**(11,149)**	(14,643)
Income tax relating to items that may not be subsequent reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**(11,311)**	(14,294)
Total comprehensive income for the financial year		**(31,491)**	(33,124)
Loss attributable to:			
Owners of the parent		**(17,500)**	(18,043)
Non-controlling interests		**(2,680)**	(787)
		(20,180)	(18,830)
Total comprehensive income attributable to:			
Owners of the parent		**(28,811)**	(32,337)
Non-controlling interests		**(2,680)**	(787)
		(31,491)	(33,124)
Loss per share (cents)			
– Basic	36	**(7.45)**	(7.68)
– Diluted	36	**(7.45)**	(7.68)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Attributable to owners of the Company										
		Share capital $'000	Treasury shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Fair value reserve $'000	Other reserve[1] $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
Group												
Balance at 1 October 2020		25,048	(3,303)	2,030	837	(4,794)	(14,465)	1,125	180,987	187,465	1,615	189,080
Loss for the financial year		–	–	–	–	–	–	–	(17,500)	(17,500)	(2,680)	(20,180)
Other comprehensive income for the financial year:												
Exchange differences on translating foreign operations		–	–	–	(162)	–	–	–	–	(162)	–	(162)
Fair value loss on financial assets at FVOCI	24	–	–	–	–	–	(11,149)	–	–	(11,149)	–	(11,149)
Reclassification upon divestment of financial assets at FVOCI	12	–	–	–	–	–	55	–	(55)	–	–	–
Total comprehensive income for the financial year		–	–	–	(162)	–	(11,049)	–	(17,555)	(28,811)	(2,680)	(31,491)
Transactions with owners, recognised directly in equity												
Amortisation of fair value for share options granted to employees	21	–	–	11	–	–	–	–	–	11	–	11
		–	–	11	–	–	–	–	–	11	–	11
Balance at 30 September 2021		**25,048**	**(3,303)**	**2,041**	**675**	**(4,794)**	**(25,559)**	**1,125**	**163,432**	**158,665**	**(1,065)**	**157,600**

(1) This relates to the share of associate's and joint venture's hedging reserve and transactions between owners of an associate.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Fair value reserve $'000	Other reserve[1] $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
		Attributable to owners of the Company										
Group												
Balance at 1 October 2019		25,048	(3,303)	1,747	494	(4,794)	178	1,119	202,555	223,044	2,300	225,344
Loss for the financial year		–	–	–	–	–	–	–	(18,043)	(18,043)	(787)	(18,830)
Other comprehensive income for the financial year:												
Exchange differences on translating foreign operations		–	–	–	343	–	–	–	–	343	–	343
Fair value loss on financial assets at FVOCI	24	–	–	–	–	–	(14,643)	–	–	(14,643)	–	(14,643)
Share of other comprehensive income of joint venture		–	–	–	–	–	–	6	–	6	–	6
Total comprehensive income for the financial year		–	–	–	343	–	(14,643)	6	(18,043)	(32,337)	(787)	(33,124)
Transactions with owners, recognised directly in equity												
Dividends	37	–	–	–	–	–	–	–	(3,525)	(3,525)	–	(3,525)
Non-controlling interests share of fair value adjustments on acquisition of subsidiary		–	–	–	–	–	–	–	–	–	102	102
Amortisation of fair value for share options granted to employees	21	–	–	283	–	–	–	–	–	283	–	283
		–	–	283	–	–	–	–	(3,525)	(3,242)	102	(3,140)
Balance at 30 September 2020		25,048	(3,303)	2,030	837	(4,794)	(14,465)	1,125	180,987	187,465	1,615	189,080

(1) This relates to the share of associate's and joint venture's hedging reserve and transactions between owners of an associate.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at 1 October 2020		25,048	(3,303)	2,030	(3,930)	2,851	22,696
Loss for the financial year		–	–	–	–	(8,723)	(8,723)
Other comprehensive income for the financial year:							
Fair value loss on financial assets at FVOCI	24	–	–	–	(750)	–	(750)
Total comprehensive income for the financial year		–	–	–	(750)	(8,723)	(9,473)
Contribution by and distribution to owners of the parent:							
Amortisation of fair value for share options granted to employees	21	–	–	11	–	–	11
Total transactions with owners of the parent		–	–	11	–	–	11
Balance at 30 September 2021		**25,048**	**(3,303)**	**2,041**	**(4,680)**	**(5,872)**	**13,234**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at 1 October 2019		25,048	(3,303)	1,747	(2,400)	8,801	29,893
Loss for the financial year		–	–	–	–	(2,425)	(2,425)
Other comprehensive income for the financial year:							
Fair value loss on financial assets at FVOCI	24	–	–	–	(1,530)	–	(1,530)
Total comprehensive income for the financial year		–	–	–	(1,530)	(2,425)	(3,955)
Contribution by and distribution to owners of the parent:							
Dividends	37	–	–	–	–	(3,525)	(3,525)
Amortisation of fair value for share options granted to employees	21	–	–	283	–	–	283
Total transactions with owners of the parent		–	–	283	–	(3,525)	(3,242)
Balance at 30 September 2020		25,048	(3,303)	2,030	(3,930)	2,851	22,696

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 $'000	2020 $'000
Operating activities			
Loss before income tax		**(17,607)**	(13,402)
Adjustments for:			
Loss allowance/(Reversal of loss allowance) on financial assets			
– Trade and other receivables		**210**	(260)
– Contract assets		**703**	35
– Long-term interests		**(2,990)**	691
– Financial guarantee contracts		**(1,306)**	(817)
(Reversal)/Impairment loss on investment in an associate		**–**	11,603
Impairment loss on investment in a joint venture		**686**	138
Impairment loss on intangible assets		**–**	31
Impairment loss on non-current assets held for sale		**329**	–
Fair value changes on financial asset at FVTPL		**3,586**	7,660
Amortisation of intangible assets		**11**	17
Depreciation of investment properties		**627**	640
Depreciation of property, plant and equipment		**3,501**	3,629
Depreciation of right-of-use assets		**1,209**	1,200
Gain on disposal of plant and equipment		**(21)**	(119)
Loss on disposal of intangible assets		**191**	–
Allowance for inventory obsolescence		**321**	138
Interest income		**(4,088)**	(5,690)
Interest expense		**7,026**	6,363
Increase/(Decrease) in provisions			
– Provision for onerous contract		**4,809**	2,717
– Provision for warranty		**500**	(200)
Dividend income from financial assets at FVOCI		**–**	(8)
Amortisation of fair value for share options granted to employees		**11**	283
Loss on unrealised foreign exchange		**1,319**	603
Share of results of joint ventures		**2,835**	(6,880)
Share of results of associates		**5,853**	21,954
Operating cash flows before working capital changes		**7,715**	30,326
Working capital changes:			
Inventories		**85**	41
Trade and other receivables		**3,898**	7,376
Prepayments		**(273)**	105
Contract assets		**(18,476)**	5,358
Contract liabilities		**(249)**	(22)
Trade and other payables		**(14,424)**	(35,456)
Cash generated from operations		**(21,724)**	7,728
Income tax paid		**(6,066)**	(4,679)
Net cash (used in)/from operating activities		**(27,790)**	3,049

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 $'000	2020 $'000
Investing activities			
Investments in joint ventures		**–**	(330)
Investment in an associate		**–**	(1,513)
Cash advances to associate		**(470)**	(50)
Loan to third parties		**–**	(1,231)
Loan to associates		**(1,626)**	(12,623)
Loan to joint ventures		**(2,895)**	(2,748)
Purchase of property, plant and equipment		**(1,152)**	(2,760)
Purchase of investment properties		**(31)**	(23)
Purchase of intangible assets		**–**	(22)
Purchase of right-of-use assets		**(45)**	(17)
Proceeds from finance lease receivables		**–**	636
Proceeds from disposal of property, plant and equipment		**39**	160
Repayment of loan from associate		**737**	292
Repayment of loan from joint ventures		**61,053**	–
Repayment of loan from third parties		**261**	–
Interest received		**6,099**	191
Dividend income from financial assets at FOVCI		**–**	8
Redemption of capital upon divestment of financial assets at FVOCI		**150**	–
Net cash from/(used in) investing activities		**62,120**	(20,030)
Financing activities			
Repayment of non-trade amounts due to a director and non-controlling interest of subsidiary		**–**	–
Fixed deposit pledged with financial institutions		**(3)**	(3)
Proceeds from issuance of medium term notes	A	**–**	13,904
Proceeds from bank borrowings		**20,190**	16,723
Repayment of lease liabilities	A	**(991)**	(957)
Repayment of bank borrowings		**(13,385)**	(19,623)
Repayment of medium term notes		**(51,250)**	–
Dividends paid		**–**	(3,525)
Interest paid		**(6,921)**	(5,840)
Net cash (used in)/from financing activities		**(52,360)**	679
Net change in cash and cash equivalents		**(18,030)**	(16,302)
Cash and cash equivalents at beginning of financial year		**40,000**	55,792
Effect of foreign exchange rate changes on cash and cash equivalents		**(157)**	510
Cash and cash equivalents at end of financial year	18	**21,813**	40,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

Note A: Reconciliation of liabilities arising from financing activities

	2020 $'000	Cash flows $'000	Non-cash changes: Additions of right-of-use assets under finance leases $'000	Non-cash changes: Modification adjustment on issuance of medium term notes $'000	Accretion of interest $'000	2021 $'000
Medium term notes	98,952	(51,250)	–	–	253	**47,955**
Lease liabilities	7,204	(991)	102	–	–	**6,315**
	106,156	(52,241)	102	–	253	**54,270**

	2019 $'000	Effect of adopting SFRS(I) 16 $'000	Cash flows $'000	Non-cash changes: Additions of right-of-use assets under finance leases $'000	Non-cash changes: Modification adjustment on issuance of medium term notes $'000	Accretion of interest $'000	2020 $'000
Medium term notes	84,537	–	13,904	–	274	237	98,952
Lease liabilities	515	7,611	(957)	35	–	–	7,204
	85,052	7,611	12,947	35	274	237	106,156

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

These notes form an integral part and should be read in conjunction with these financial statements.

1. GENERAL CORPORATE INFORMATION

Keong Hong Holdings Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore. Its registered office and principal place of business is at 9 Sungei Kadut Street 2, Singapore 729230. The Company's registration number is 200807303W. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

On 11 February 2022, LJHB Capital (S) Pte. Ltd. ("LJHB Capital") had completed the acquisition of an aggregate of 44,763,220 ordinary shares, representing approximately 19.05% of the total number of ordinary shares. Upon completion of the acquisition, LJHB will own an aggregate of 107,580,420 ordinary shares, representing approximately 45.78% of the total number of ordinary shares. The ultimate holding company of LJHB Capital is LJHB Holdings Pte Ltd ("LJHB Holdings") and the ultimate controlling party is Ms. Liu Haiyan who wholly owned LJHB Holdings.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The statement of financial position of Company as at 30 September 2021 and the consolidated financial statements of the Company and its subsidiaries (the "Group") and statement of changes in equity of the Company for the financial year ended 30 September 2021 were authorised for issue in accordance with a Directors' resolution dated 28 February 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as referred to in Note 4 to the financial statements.

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial period of revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

<u>Changes in accounting policies</u>

New standards, amendments and interpretations effective from 1 October 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group and the Company are not expected to impact the Group and the Company as they are either not relevant to the Group's and the Company's business activities or require accounting which is consistent with the Group's and the Company's current accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

SFRS(I)s issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s were issued but not yet effective and have not been early adopted in these financial statements:

			Effective date (annual periods beginning on or after)
Various	:	(Amendments to SFRS(I) 9, FRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16) Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	:	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	:	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17	:	Insurance Contracts	1 January 2023*
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023**
Various	:	Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8	:	Definition of Accounting Estimates	1 January 2023
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

* The mandatory effective date of this Standard had been revised from 1 January 2021 to 1 January 2023 by the ASC in November 2020 via Amendments to SFRS(I) 17.

** The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 by the ASC in July 2020 via Amendment to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above SFRS(I) in future periods, if applicable, will have no material impact on the financial statements of the Group and the Company in the period of initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to end of the reporting period.

Subsidiaries are consolidated from the date on which control is transferred to the Group, up to the effective date on which that control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interest in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Acquisition under common control

Business combinations arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the consideration paid for the acquisition and net assets acquired is recognised directly to equity.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Low value assets items which cost less than $3,000 are recognised as an expense directly in profit or loss in the financial year of acquisition.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives on the following bases:

	Years
Building	10 – 42
Office equipment	2 – 3
Furniture and fittings	3 – 5
Motor vehicles	5
Plant and machinery	3 – 5

No depreciation is charged on construction-in-progress as they are not yet ready for their intended use as at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The estimated useful life, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Leases

Group as lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of “Other income”.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Group and Company as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date of which the leased assets are available for use by the Group and Company. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on their remaining balance of the liability for each period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

Group and Company as lessee (Continued)

Initial measurement (Continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's and Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and Company is contractually required to dismantle, remove or restore the leased asset.

The Group and Company present the right-of-use assets and lease liabilities separately from other assets and other liabilities in the statements of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The right-of-use assets are depreciated over the useful life as follows:

	Years
Land	6 – 16
Equipment	4
Motor vehicles	5 – 7
Warehouse	2 – 3
Dormitories	3

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

Group and Company as lessee (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.11 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group and Company revise their estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group and Company renegotiate the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and Company have elected to account for the entire contract as a lease. The Group and Company do not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost including its transaction costs and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged using the straight-line method, so as to write-off the depreciable amounts of the investment properties over their remaining useful lives on the following bases:

	Years
Freehold land	Not depreciated
Commercial buildings	26 and 27

The residual values, useful life and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.7 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less accumulated impairment losses, if any, in the Company's statement of financial position.

2.8 Associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Associates and joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate or joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates or joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint ventures (Continued)

Where a Group entity transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Any eliminated gain that is in excess of the carrying amount of the Group's interest in the associate or joint venture should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

As the dates of the associates' and joint ventures' audited financial statements used are not co-terminous with that of the Group, the Group's share of results is arrived at based on the latest available audited financial statements and un-audited management financial statements up to the end of the reporting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Investments in associates are accounted for at cost, less accumulated impairment losses, if any, in the Company's statements of financial position.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss through the 'administrative expenses' line item.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss.

Computer software

Computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment loss, if any.

Amortisation is calculated on the straight-line method so as to write off the cost of the computer software over the estimated useful life of two years.

The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the computer software.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (Continued)

Transferable club memberships

Transferable individual club memberships are initially recognised at cost and are subsequently measured at cost less accumulated impairment losses, if any. Transferable club memberships are regarded as intangible assets with indefinite life and not amortised because there is no foreseeable limit to the period over which the assets are expected to be utilised.

Customer contracts and related customer relationships

Customer contracts and related customer relationship acquired in business combination are recognised at fair value at the acquisition date. Customer contracts and related customer relationships have finite useful lives and are carried at cost less accumulated amortisation and impairment losses.

2.10 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.11 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments

The Group and the Company recognise a financial asset or a financial liability in their statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group and the Company change their business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's and the Company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables, retention sum and contract assets are recognised based on the lifetime expected credit loss model within SFRS(I) 9. The Group will calibrate the model to adjust historical credit loss experience with industry future outlook. At each reporting period, historical default rates are updated and change in the industry future outlook is reassessed. The Group also evaluates expected credit loss on credit-impaired receivables separately at each reporting period. For trade receivables, retention sum and contract assets, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties, loans to related parties and other receivables due from third parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables (excluding goods and services tax receivable and advance payments), finance lease receivables and cash and bank balances.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group and the Company have a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those equity investments, the Group and the Company have made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Upon disposal, any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through other comprehensive income ("FVOCI") (Continued)

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial assets at fair value through profit or loss ("FVTPL")

Debt instruments that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other items of income".

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables (excluding goods and services tax payable, deferred revenue and deferred government grant income) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Bank borrowings, finance lease payables and medium term notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Group and the Company have issued corporate guarantees to banks for borrowings of certain subsidiaries and associate. These guarantees qualify as financial guarantees because the Group and the Company are required to reimburse the banks if these subsidiaries and associate breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined by specific identification method. Specific identification is used to track and cost specific and identifiable inventory items that are either in or out of stock on an individual basis which are assigned for individual projects. The cost includes all costs of purchase and other costs in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents includes bank overdraft and excludes any pledged fixed deposits. In the consolidated statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.15 Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share option reserve.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

2.16 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

<u>Contract revenue</u>

The Group provides building construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition (Continued)

Contract revenue (Continued)

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

Other sources of revenue

Interest income is recognised using the effective interest rate method.

Rental income under operating lease is recognised on a straight-line basis over the term of the lease.

Dividend income is recognised when the right to receive the dividend is established.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.19 Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.21 Grants

Grants from government are recognised as a receivable at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they intended to compensate on a systematic basis. Government grants relating to expense are shown separately as other income. Grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as government grant receivables and deferred government grants, classified as current assets and current liabilities in the statements of financial position.

2.22 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and the chief executive officer who make strategic decisions.

2.26 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the Group's and the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that the management has made in the process of applying the Group's and the Company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Determine the lease term

The Group leases warehouse and dormitories from non-related parties. Included in the lease arrangement, there are extension options held and exercisable by the Group. In determining the lease term, management considers the likelihood of exercising the extension option. Management considers all facts and circumstances that create an economic incentive to extend the lease.

Management has included potential cash outflows of the Group of $Nil (2020: $414,000) in the measurement of lease liabilities, as it is reasonably certain that the extension options will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

3.2 Key sources of estimation uncertainty

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

(i) Construction contracts

The Group has significant ongoing construction contracts as at 30 September 2021 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the remaining estimated contract costs increase by 3% from management's estimates, the Group's profit or loss before income tax will decrease or increase by approximately $402,000 (2020: $561,000).

(ii) Impairment of investments in subsidiaries, associates and joint ventures

Management follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries, associates and joint ventures are impaired. This requires assumption to be made regarding the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Investment in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Impairment of investments in subsidiaries, associates and joint ventures (Continued)

The Company's carrying amount of investments in subsidiaries as at 30 September 2021 was $29,181,000 (2020: $32,297,000) (Note 8). The Company's carrying amount of investments in associates as at 30 September 2021 was $7,123,000 (2020: $7,123,000) (Note 9). The Group's carrying amounts of investments in associates and joint ventures as at 30 September 2021 were $31,055,000 (2020: $30,204,000) and $32,275,000 (2020: $31,656,000) respectively (Notes 9 and 10).

(iii) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting and disclosures purposes. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. For unquoted equity shares, the Group determines the fair value with reference to SFRS(I) 13 *Fair Value Measurement* to establish the appropriate valuation techniques and inputs to the model. Changes in assumptions on the inputs to the model could affect the reported fair value of the financial instruments. Information about the valuation techniques and inputs used in determining the fair values is included in Notes 12, 13 and 42.5 to the financial statements. The carrying amounts of the Group's assets measured at fair value as at 30 September 2021 are included in Note 12 and 13 to the financial statements.

(iv) Loss allowance on trade and other receivables, retention sum and contract assets

Trade receivables, retention sum and contract assets

Expected credit loss model is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust historical credit loss experience with industry future outlook. At each reporting period, historical default rates are updated and change in the industry future outlook is reassessed. The Group also evaluates expected credit loss on credit-impaired receivables separately at each reporting period. The carrying amount of the Group's trade receivables, retention sum and contract assets as at 30 September 2021 was $55,495,000 (2020: $43,149,000). The Group's credit risk exposure is set out in Note 42.1 to the financial statements.

Non-trade receivables from subsidiaries, associates and joint ventures

Management determines whether there is significant increase in credit risk of these subsidiaries, associates and joint ventures since initial recognition. Management assesses the financial performances of subsidiaries, associates and joint ventures to meet the contractual cash flows obligation.

The carrying amount of the Company's non-trade receivables from subsidiaries and associates as at 30 September 2021 were $25,520,000 (2020: $60,468,000) (Note 8 and Note 14) and $1,248,000 (2020: $56,000) (Note 14) respectively. The carrying amount of the Group's non-trade receivables from associates and joint ventures as at 30 September 2021 were $107,518,000 (2020: $99,068,000) (Note 9 and Note 14) and $38,196,000 (2020: $102,089,000) (Note 10 and Note 14).

(v) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the Group's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to the Group's lease liabilities as at 30 September 2021 was 3.3% (2020:3.3%). The carrying amount of the Group's lease liabilities as at 30 September 2021 was $6,315,000 (2020:$7,204,000) (Note 27). If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by $34,000 (2020: $40,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

4. GOING CONCERN

The Group incurred a net loss of $20,180,000 for the financial year ended 30 September 2021. As at 30 September 2021, the Group and the Company is in a net current liabilities position of $26,205,000 and $25,231,000 respectively.

The Group has not been able to maintain a ratio of EBITDA to interest expenses of not less than 2:00 as at 31 March 2021 and 30 September 2021. The non-compliance constitutes an Event of Default (as defined in the Trust Deed) in connection with the S$48,000,000 6.25 per cent Notes due 2023 under Series 003 (the "MTN 3") issued pursuant to the S$200,000,000 Multicurrency Medium Term Note Programme of the Company (Note 28).

Consequent to the above conditions, the Group and the Company reclassified the MTN 3 due payable on 19 August 2023 from non-current liabilities to current liabilities. Subsequent to the financial year end, through a Consent Solicitation Exercise on 28 January 2022, the Group obtained the consent of its Noteholders to (a) include a cure mechanism (by way of an interest service reserve account for the Notes) in respect of any non-compliance with the required threshold for the ratio of EBITA to Interest Expense; (b) waive certain provisions of the Trust Deed and the Conditions as a result of any non-compliance with the EBITA-Interest Threshold in respect of financial period ended 31 March 2021 and financial period ended 30 September 2021; and (c) waive the occurrence of any Event(s) of Default or Potential Event(s) of Default as a result of any non-compliance with the EBITA-Interest Threshold in respect of financial period ended 31 March 2021 and financial period ended 30 September 2021.

Subsequent to the financial year ended 30 September 2021, the Group's 2nd largest shareholder LJHB Capital, entered into a sale and purchase agreement with Mr Leo Ting Ping Ronald in relation to acquisition of an aggregate of 44,763,220 ordinary shares of the Group representing 19.05% of the total number of ordinary shares on 21 January 2022. The acquisition was completed on 11 February 2022 resulting LJHB Capital holding an aggregate of 107,580,420 ordinary shares, representing 45.78% of the total number of ordinary shares. This led to a change in control of the Group that triggered the early redemption clause attached to the MTN 3.

In assessing the appropriateness of the going concern assumptions of the Group and the Company, the Directors are however of the view that the use of going concern assumption to prepare the consolidated financial statements is appropriate based on the following factors:

i) The Directors are of the view that continuing financial support from the ultimate holding company, LJHB Holdings of the controlling shareholder, LJHB Capital will be forthcoming on any subsequent payment on 18 April 2022 (if necessary) on any redemption of the MTN 3 on 10 March 2022. LJHB Capital is a wholly-owned subsidiary of Forever Trust International (S) Pte. Ltd. (the "Forevertrust"). Forevertrust is a wholly-owned subsidiary of LJHB Holdings. LJHB Holdings' ultimate and sole shareholder is Ms Liu Haiyan. The letter of financial support was received and announced on the Singapore Exchange on 24 February 2022;

ii) The Directors are of the view that the dividend payment by its joint venture will be received in tranches up till June 2022 which is within the next nine months from the financial year ended 30 September 2021; and

iii) The Directors are of the view that continuing support from its bankers on the existing unutilised banking facilities amounting to $52,800,000 will be forthcoming.

Notwithstanding the above, the Directors acknowledge that a condition of material uncertainty exists that may cast doubt on the Group's and the company's ability to continue as going concerns, which is highly dependent on the Group's and Company's ability to receive continuing financial support by LJHB Holdings, dividend payment from its joint venture and continued availability of adequate banking facilities to drawdown.

Should the Group and the Company be unable to discharge their liabilities in the normal course of business which may lead to the Group and the Company being unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been reflected in these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Building $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Group							
Cost							
Balance at 1 October 2020	34,326	1,314	762	1,005	17,461	2,701	57,569
Additions	799	13	–	–	340	–	1,152
Disposals	–	–	–	(56)	–	–	(56)
Reclassification	2,701	–	–	–	–	(2,701)	–
Reclassified as held-for-sale	(2,525)	–	–	–	–	–	(2,525)
Currency realignments	–	–	–	–	(10)	–	(10)
Balance at 30 September 2021	**35,301**	**1,327**	**762**	**949**	**17,791**	**–**	**56,130**
Accumulated depreciation							
Balance at 1 October 2020	12,172	1,261	739	811	17,098	–	32,081
Depreciation	3,105	39	9	113	235	–	3,501
Disposals	–	–	–	(38)	–	–	(38)
Reclassified as held-for-sale	(316)	–	–	–	–	–	(316)
Currency realignments	–	–	–	–	(6)	–	(6)
Balance at 30 September 2021	**14,961**	**1,300**	**748**	**886**	**17,327**	**–**	**35,222**
Net carrying amount							
Balance at 30 September 2021	**20,340**	**27**	**14**	**63**	**464**	**–**	**20,908**

	Building $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Group							
Cost							
Balance at 1 October 2019	34,326	1,273	749	1,054	17,557	–	54,959
Additions	–	41	13	–	5	2,701	2,760
Disposals	–	–	–	(57)	(81)	–	(138)
Reclassification from right-of-use assets (Note 6)	–	–	–	8	–	–	8
Currency realignments	–	–	–	–	(20)	–	(20)
Balance at 30 September 2020	34,326	1,314	762	1,005	17,461	2,701	57,569
Accumulated depreciation							
Balance at 1 October 2019	9,242	1,112	628	667	16,907	–	28,556
Depreciation	2,930	149	111	179	260	–	3,629
Disposals	–	–	–	(43)	(54)	–	(97)
Reclassification from right-of-use assets (Note 6)	–	–	–	8	–	–	8
Currency realignments	–	–	–	–	(15)	–	(15)
Balance at 30 September 2020	12,172	1,261	739	811	17,098	–	32,081
Net carrying amount							
Balance at 30 September 2020	22,154	53	23	194	363	2,701	25,488

As at 30 September 2021, the Group's building with carrying amounts of $20,340,000 (2020: $22,154,000) have been pledged with banks for bank facilities (Note 26).

As at 30 September 2021, motor vehicles with net carrying amounts of $63,000 (2020: $194,000) were registered in the names of the Directors and staff who are holding the motor vehicles in trust for the Group respectively.

As at 30 September 2021. the Group's building with carrying amount of $2,209,000 were presented as non-current assets held for sale based on option-to-purchase price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

6. RIGHT-OF-USE ASSETS

	Land $'000	Equipment $'000	Motor vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Cost						
Balance at 1 October 2020	6,189	515	996	205	702	8,607
Additions	–	–	144	–	3	147
Balance at 30 September 2021	**6,189**	**515**	**1,140**	**205**	**705**	**8,754**
Accumulated depreciation						
Balance at 1 October 2020	479	119	255	91	248	1,192
Depreciation charge	479	119	271	91	249	1,209
Balance at 30 September 2021	**958**	**238**	**526**	**182**	**497**	**2,401**
Net carrying amount						
Balance at 30 September 2021	**5,231**	**277**	**614**	**23**	**208**	**6,353**

	Land $'000	Equipment $'000	Motor vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Cost						
Balance at 1 October 2019	6,189	515	952	205	702	8,563
Additions	–	–	52	–	–	52
Reclassification to property, plant and equipment (Note 5)	–	–	(8)	–	–	(8)
Balance at 30 September 2020	6,189	515	996	205	702	8,607
Accumulated depreciation						
Balance at 1 October 2019	–	–	–	–	–	–
Depreciation charge	479	119	263	91	248	1,200
Reclassification to property, plant and equipment (Note 5)	–	–	(8)	–	–	(8)
Balance at 30 September 2020	**479**	**119**	**255**	**91**	**248**	**1,192**
Net carrying amount						
Balance at 30 September 2020	5,710	396	741	114	454	7,415

Restrictions

Included in the above, motor vehicles with a carrying amount of $614,000 (2020: $741,000), is secured over the lease liabilities of $403,000 (2020: $427,000) (Note 27). The motor vehicles will be returned to lessor in the event of default by the Group.

	Motor vehicle 2021 $'000	2020 $'000
Company		
Cost		
Balance at 1 October and at 30 September	**173**	173
Accumulated depreciation		
Balance at 1 October	**50**	–
Depreciation charge	**49**	50
Balance at 30 September	**99**	50
Net carrying amount		
Balance at 30 September	**74**	123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

6. RIGHT-OF-USE ASSETS (CONTINUED)

Restrictions (Continued)

Included in the above, motor vehicles with a carrying amount of $74,000 (2020: $123,000), is secured over the lease liabilities of $79,000 (2002: $99,000) (Note 27). The motor vehicles will be returned to lessor in the event of default by the Company. These motor vehicles are registered in the names of the Directors and staff who are holding the motor vehicle in trust for the Company.

For the purpose of statement of cash flows, the Group's additions to right-of-use assets were financed as follows:

	2021 $'000	2020 $'000
Additions of right-of-use assets	**147**	52
Acquired under finance lease agreements	**(102)**	(35)
Cash payments to acquire right-of-use assets	**45**	17

7. INVESTMENT PROPERTIES

	Freehold land $'000	**Commercial buildings $'000**	**Total $'000**
Group			
Cost			
Balance at 1 October 2020	8,329	17,420	25,749
Additions	–	31	31
Currency realignments	(501)	(1,049)	(1,550)
Balance at 30 September 2021	**7,828**	**16,402**	**24,230**
Accumulated depreciation			
Balance at 1 October 2020	–	2,383	2,383
Depreciation	–	627	627
Currency realignments	–	(162)	(162)
Balance at 30 September 2021	**–**	**2,848**	**2,848**
Net carrying amount			
Balance at 30 September 2021	**7,828**	**13,554**	**21,382**

	Freehold land $'000	**Commercial buildings $'000**	**Total $'000**
Group			
Cost			
Balance at 1 October 2019	8,232	17,194	25,426
Additions	–	23	23
Currency realignments	97	203	300
Balance at 30 September 2020	8,329	17,420	25,749
Accumulated depreciation			
Balance at 1 October 2019	–	1,717	1,717
Depreciation	–	640	640
Currency realignments	–	26	26
Balance at 30 September 2020	–	2,383	2,383
Net carrying amount			
Balance at 30 September 2020	8,329	15,037	23,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

7. INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in profit or loss:

	Group	
	2021	2020
	$'000	$'000
Rental income from investment properties	**1,496**	1,751
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	**352**	410

Details of the Group's investment properties as at 30 September 2021 and 30 September 2020 are set out below:

Description	**Location**	**Tenure**	**Approximate floor area (sqm)**
Freehold land and commercial building	Osaka-shi Chuo-ku Honmachi 4-chome 13-2, 13-3 and 13-4, Japan	Freehold	2,452.43
Freehold land and commercial building	Osaka-shi Nishi-ku, Minamihorie 8-6, 1-chome, Japan	Freehold	2,788.60

As at 30 September 2021, the carrying amount of the investment properties of $21,382,000 (equivalent to JPY1,756,930,000) (2020: $23,366,000 equivalent to JPY1,804,434,000) has been pledged for the term loan facility as set out in Note 26 to the financial statements.

The fair value of the Group's investment properties were valued at $24,508,000 as at 30 September 2021 (2020: $25,678,000) by an independent professional valuation firm having appropriate recognised professional qualifications and recent experience in the location and category of the investment properties held by the Group.

The valuation was determined by applying the income approach. The independent valuers have considered valuation techniques including the discounted cash flow method and direct capitalisation method in arriving at the open market value as at the reporting date. The discounted cash flow method involves the estimation and projection of rental income over a period of 10 years based on the typical holding period of real estate investors and discounting the rental income with an internal rate of return to arrive at the market value. The direct capitalisation method capitalises a single-year net cash flow into a present value using the capitalisation rate. The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with their actual use. The resulting fair values of freehold land and commercial building are considered level 3 fair value measurements.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost	**28,817**	28,817
Amounts due from subsidiaries		
– interest bearing	**3,636**	3,509
– interest free	**972**	977
Allowance for impairment loss	**(4,244)**	(1,006)
	29,181	32,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Movements in the allowance for impairment loss are as follows:

	Company	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**1,006**	1,006
Impairment loss during the financial year	**4,244**	–
Reversal of impairment loss during the financial year	**(1,006)**	–
Balance at end of financial year	**4,244**	1,006

The amounts due from subsidiaries form part of the Company's net investment in subsidiaries. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The non-trade amounts due from subsidiaries are interest free except for an amount of $3,636,000 (2020: $3,509,000) which bears effective interest rate of 3.5% (2020: 3.5%). The amounts due from subsidiaries are denominated in Singapore dollar.

During the year, the Group carried out a review of the recoverable amount of the investment in Hansin Timber Specialist and Trading Pte. Ltd. in the buildings and construction segment due to losses reported by this subsidiary as a result of higher labour costs and material costs. The review led to the recognition of an impairment loss of $4,244,000 that has been recognised in profit or loss. The recoverable amount of $NIL has been determined based on fair value less cost of disposal. The fair value hierarchy used in determining the fair value less cost of disposal is considered as Level 3 as the assessment included unobservable inputs.

There is a reversal of an allowance for impairment loss of $1,006,000 was recognised relating to the investment in K. H. Capital Pte Ltd ("KH Cap") following an improvement in market conditions and performance of KH Cap that resulted in an increase in the recoverable amount of this investment. The recoverable amount of the investment of $1,279,000 has been determined on the basis of fair value less cost of disposal. The fair value hierarchy used in determining the fair value less cost of disposal is considered as Level 3 as the assessment included unobservable inputs.

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership Interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
		2021 %	2020 %	**2021 %**	2020 %
Held by the Company					
Keong Hong Construction Pte Ltd[1] ("KHC") (Singapore)	General and building contractors	**100**	100	**–**	–
KH Capital Pte Ltd[1] (Singapore)	Investment holdings and trading of building construction materials	**100**	100	**–**	–
K.H. Land Pte Ltd(1) ("KHL") (Singapore)	Investment holding, real estate development and building construction	**100**	100	**–**	–
Grandwood Holdings Pte Ltd[1] (Singapore)	Investment holding	**100**	100	**–**	–
Hansin Timber Specialist and Trading Pte. Ltd.[1] (Singapore)	Timber and wooden flooring in residential apartment and commercial properties under construction	**60**	60	**40**	40

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership Interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
		2021 %	2020 %	**2021 %**	2020 %
Held by K.H. Land Pte Ltd					
KHA Resorts & Hotels Construction Pvt Ltd[2] (Cayman Islands)	Hotel building contractors	**100**	100	**–**	–
KHA Resorts & Hotels Construction (Maldives) Pvt Ltd[2][3] ("KHAM") (Republic of Maldives)	Hotel building contractors	**100**	100	**–**	–
Held by Grandwood Holdings Pte. Ltd.					
Grandwood (Japan) Pte Ltd[1] (Singapore)	Investment holding	**100**	100	**–**	–

(1) Audited by BDO LLP, Singapore
(2) Audited by Ernst & Young, Maldives
(3) Proportion of ownership interest of 5% (2020: 5%) held by KHC

Non-controlling interests

Summarised financial information in relation to the subsidiary that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	HTST	
	2021 $'000	2020 $'000
Revenue	**2,764**	3,171
Loss before tax	**(6,176)**	(2,281)
Income tax	**(524)**	313
Loss after tax	**(6,700)**	(1,968)
Loss allocated to NCI	**(2,680)**	(787)
Other comprehensive income allocated to NCI	**–**	–
Total comprehensive income allocated to NCI	**(2,680)**	(787)
Dividends paid to NCI	**–**	–
Cash flows (used in)/from operating activities	**(3,318)**	2,095
Cash flows used in investing activities	**(11)**	(19)
Cash flows from/(used in) financing activities	**1,462**	(613)
Net cash (outflow)/inflow	**(1,867)**	1,463

	HTST	
	2021 $'000	2020 $'000
Assets		
Current assets	**8,523**	9,756
Non-current assets	**582**	3,676
Liabilities		
Current liabilities	**(11,090)**	(8,559)
Non-current liabilities	**(180)**	(338)
Net assets	**(2,165)**	4,535
Accumulated non-controlling interests	**(866)**	1,814
Less: fair value adjustments*	**(199)**	(199)
Adjusted accumulated non-controlling interests	**(1,065)**	1,615

* The fair value adjustments is related to amortisation of fair value adjustments in relation to acquisition of Hansin Timber Specialist and Trading Pte. Ltd. during financial year ended 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Unquoted equity shares, at cost	**13,656**	12,143	**7,123**	5,610
Share of reserves of associates, net of dividend received and tax	**(44,155)**	(37,533)	**–**	–
Amounts due from associates				
– interest bearing	**86,608**	82,634	**–**	–
– interest free	**1,199**	1,554	**–**	–
Less: loss allowance on amounts due from associates	**–**	(2,990)	**–**	–
	87,807	81,198	**–**	–
Add: capitalisation of amount due from associate	**–**	1,513	**–**	1,513
Less: allowance for impairment loss	**(18,753)**	(18,753)	**–**	–
Less: elimination of unrealised profit	**(8,306)**	(8,934)	**–**	–
Currency realignment	**806**	570	**–**	–
Carrying amount	**31,055**	30,204	**7,123**	7,123

Movements in the loss allowance of amounts due from associates are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**2,990**	2,299	**–**	1,000
Loss allowance recognised during the financial year				
– non-credit impaired	**–**	1,691	**–**	–
Reversal of loss allowance during the financial year	**(2,990)**	(1,000)	**–**	(1,000)
Balance at end of financial year	**–**	2,990	**–**	–

The amounts due from associates form part of the Group's net investment in associates. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Pursuant to agreement dated 15 July 2020, the Group and the Company increased the investment in an associate by $1,513,000 by capitalising the non-trade amount due from the associate as additional ordinary shares. The Group and the Company have increased their shareholdings in associate from 30.6% to 31.1% following the capitalisation of the non-trade amount due from the associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The non-trade amounts due from associates are unsecured and non-interest bearing except for an amount of $87,807,000 (2020: $82,634,000) which bears effective interest rate of 6% (2020: 6.00%).

The amounts due from associates are denominated in United States dollar.

Movements in the allowance for impairment loss are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**18,753**	7,150	**–**	–
Impairment loss during the financial year	**–**	11,603	**–**	–
Balance at end of financial year	**18,753**	18,753	**–**	–

The financial performance of Pristine Islands Investment Pte. Ltd. and its subsidiary ("PIIPL Group") has yet to reach the performance level expected by the Group. The resort needs time to stabilise and ramp up the business activity which has been significantly affected by the Covid-19 pandemic in 2020. The Group thus carried out a review on the recoverable amount its investments in PIIPL Group as at 30 September 2021 and 30 September 2020. The assessment resulted in the recognition of an impairment loss of $NIL (2020: $11,603,000). The recoverable amount of the investment amounted to $23,937,000 (2020: $21,436,000) has been determined based on value in use.

Key assumptions used for value-in-use calculations for investments in PIIPL Group are as follows:

	2021	2020
	%	%
Average revenue growth rate	**12.0**	19.0
Terminal growth rate	**2.0**	2.0
Discount rate (Pre-tax)	**14.9**	19.6

Sensitivity analysis

The following changes in assumptions, while holding all other assumptions constant, would have resulted in a significant increase in the impairment loss as follows:

	Impairment higher by
	$
Decrease in the terminal growth rate by 1%	2,894,000
Increase in the discount rate by 1%	4,409,000
Decrease of 2% in the revenue growth rate	3,670,000

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of company (Country of incorporation and principal place of business)	Effective equity interest held by the Group 2021 %	2020 %	Principal activities
Held by the Company			
Nuform System Asia Pte. Ltd. ("NSAPL")(1)(4) (Singapore)	**31.1**	31.1	Trading and renting of construction and civil engineering machinery and equipment
Held by Nuform System Asia Pte. Ltd.			
Nuformsystem (M) Sdn. Bhd.(4)(5) (Malaysia)	**31.1**	31.1	Trading and renting of formwork equipment
Held by Keong Hong Construction Pte Ltd			
Punggol Residences Pte Ltd ("PRPL")(3) (Singapore)	**20**	20	Property development
Pristine Islands Investment Pte Ltd ("PIIPL")(1) (Singapore)	**49**	49	Investment holdings
Held by KH Capital Pte Ltd			
Sembawang Residences Pte Ltd ("SRPL")(3) (Singapore)	**20**	20	Property development
Held by Pristine Islands Investment Pte Ltd			
Pristine Islands Investment (Maldives) Pvt Ltd ("PIIMPL")(2)(4)(6) (Republic of Maldives)	**49**	49	Own, operate and management of airport, hotel and resort

(1) Audited by BDO LLP, Singapore
(2) Proportion of ownership interest of 0.1% (2020: 0.1%) held by KHC
(3) Equity accounted based on the management financial statements
(4) Equity accounted based on the management financial statements aligned to the Group's financial year
(5) Audited by BDO PLT, Malaysia
(6) Audited by Ernst & Young, Maldives

The financial year-end of PRPL, SRPL and PIIPL Group are 30 September. The financial year-end of NSAPL Group is 31 December.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information of the Group's significant associates.

Summarised statements of financial position

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2021				
Current assets	**21,003**	**5,089**	**11,627**	**37,719**
Non-current assets	**173,610**	**–**	**36,791**	**210,401**
Current liabilities	**(59,698)**	**(3,603)**	**(20,100)**	**(83,401)**
Non-current liabilities	**(209,971)**	**–**	**(7,120)**	**(217,091)**
Net (liabilities)/assets	**(75,056)**	**1,486**	**21,198**	**(52,372)**
30 September 2020				
Current assets	17,261	17,140	12,398	46,799
Non-current assets	187,298	–	47,978	235,276
Current liabilities	(43,905)	(12,971)	(25,788)	(82,664)
Non-current liabilities	(226,111)	–	(10,352)	(236,463)
Net (liabilities)/assets	(65,457)	4,169	24,236	(37,052)

Summarised statements of comprehensive income

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2021				
Revenue	**31,586**	**–**	**11,661**	**43,247**
Loss before tax	**(9,838)**	**(33)**	**(1,695)**	**(11,566)**
Income tax	**–**	**–**	**(33)**	**(33)**
Loss after tax, representing total comprehensive income	**(9,838)**	**(33)**	**(1,728)**	**(11,599)**
30 September 2020				
Revenue	13,944	–	17,915	31,859
(Loss)/Profit before tax	(44,047)	111	(588)	(44,524)
Income tax	–	–	(411)	(411)
(Loss)/Profit after tax, representing total comprehensive income	(44,047)	111	(999)	(44,935)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

Aggregate information of associates that are not individually material

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associates accounted for using the equity method.

	2021 $'000	2020 $'000
The Group's share of profit before income tax	**(5)**	*
The Group's share of profit after income tax	**(5)**	*
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**(5)**	*
Aggregate carrying amount of the Group's interest in these associates	**254**	386

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material (Continued)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant associates for the financial year ended 30 September 2021 and 30 September 2020, are as follows:

	PIIPL Group $'000	SRPL $'000	NASPL Group $'000	Total $'000
30 September 2021				
Proportion of Group ownership	**49%**	**20%**	**31.1%**	
Net (liabilities)/assets of the associates	**(75,056)**	**1,486**	**21,198**	**(52,372)**
Interest in associates	**(36,777)**	**297**	**6,533**	**(29,947)**
Carrying value of Group's interest in associates	**(36,777)**	**297**	**6,533**	**(29,947)**
Amount due from associates	**87,807**	**–**	**–**	**87,807**
Less: allowance for impairment loss	**(18,753)**	**–**	**–**	**(18,753)**
Less: elimination of unrealised profit	**(8,306)**	**–**	**–**	**(8,306)**
Total carrying value of significant associates	**23,971**	**297**	**6,533**	**30,801**
Add:				
Carrying amount of individually immaterial associate, in aggregate				**254**
Carrying amount of Group's interest in associates				**31,055**

	PIIPL Group $'000	SRPL $'000	NASPL Group $'000	Total $'000
30 September 2020				
Proportion of Group ownership	49%	20%	31.1%	
Net (liabilities)/assets of the associates	(65,457)	4,169	24,236	(37,052)
Interest in associates	(32,074)	834	7,547	(23,693)
Carrying value of Group's interest in associates	(32,074)	834	7,547	(23,693)
Amount due from associates	81,198	–	–	81,198
Less: allowance for impairment loss	(18,753)	–	–	(18,753)
Less: elimination of unrealised profit	(8,934)	–	–	(8,934)
Total carrying value of significant associates	21,437	834	7,547	29,818
Add:				
Carrying amount of individually immaterial associate, in aggregate				386
Carrying amount of Group's interest in associates				30,204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

10. INVESTMENTS IN JOINT VENTURES

	Group	
	2021	2020
	$'000	$'000
Unquoted equity investment, at cost	**3,520**	3,520
Amount due from joint venture – interest free	**714**	648
Share of reserves of joint ventures, net of dividend received and tax	**36,714**	34,763
Less: allowance for impairment loss	**(824)**	(138)
Less: elimination of unrealised profit	**(7,824)**	(7,104)
Currency realignment	**(25)**	(33)
	32,275	31,656

The amount due from joint venture form part of the Group's net investment in joint ventures. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The amount due from joint venture is denominated in Singapore dollar.

Movements in the allowance for impairment loss are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**138**	–	**–**	–
Impairment loss during the financial year	**686**	138	**–**	–
Balance at end of financial year	**824**	138	**–**	–

K&H Innovative Systems Pte. Ltd. ("K&H") is an investment holding company where its underlying investments are still in the early operational stage. The Group thus carried out a review on the recoverable amount its investment in K&H as at 30 September 2021 and 30 September 2020. The assessment resulted in the recognition of an impairment loss of $686,000 (2020: $138,000). The recoverable amount of the investment amounted to $NIL (2020: $840,000) has been determined based on fair value less cost of disposal (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The details of the joint ventures are as follows:

Name of company (Country of incorporation and principal place of business)	Effective equity interest held by the Group 2021 %	2020 %	Principal activities
Held by Keong Hong Construction Pte Ltd			
K&H Innovative Systems Pte. Ltd. ("K&H")[1] (Singapore)	**50**	50	Manufacturing of prefabricated bathroom unit
Hyundai-Keong Hong JV Limited Partnership ("Hyundai-KH")[3] (Singapore)	**30**	30	Development of a sport & recreation centre
Held by K&H Innovative Systems Pte Ltd			
KHL Capital Holdings Pte. Ltd. ("KHLPL")[1] (Singapore)	**60**	60	Investment holding company and production of pre-cast concrete components
Held by KHL Capital Holdings Pte. Ltd.			
KHL Capital Holdings Sdn. Bhd. ("KHLSB")[4][7] (Malaysia)	**60**	60	Manufacturing, export and import of precast concrete, cement or artificial stone activities used in construction
Held by K.H. Land Pte Ltd			
Keong Hong-MK Development Co., Ltd ("KH-MK")[2] (Vietnam)	**49**	49	Development of real estate
Held by KH Capital Pte Ltd			
East Vue Pte Ltd ("EVPL")[5] (Singapore)	**20**	20	Property developer of a parcel of land at Siglap Road
FSKH Development Pte Ltd ("FSKH")[3][6] (Singapore)	**35**	35	Property developer of a parcel of land at Mattar Road

(1) Audited by BDO LLP, Singapore
(2) Equity accounted based on the management financial statements
(3) Equity accounted based on the management financial statements aligned to the Group's financial year
(4) Audited by BDO PLT, Malaysia
(5) Audited by KPMG, Singapore
(6) Audited by Ernst & Young, Singapore
(7) Insignificant subsidiary of KHLPL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The principal activities of those joint ventures are in line with the Group's strategy to expand the property development business. The Group has recognised losses relating to Hyundai-KH where its share of losses exceeds the Group's carrying amount of its investments in this joint venture by $4,271,000 (2020: $Nil). The Group has contractual obligation in respect of those additional losses (Note 29).

The financial year end of K&H, KH-MK and EVPL are 30 September.

Incorporation of equity interest in joint ventures

Hyundai-Keong Hong JV Limited Partnership

On 10 February 2020, the Group incorporated a joint venture in the legal form of partnership namely, Hyundai-Keong Hong JV Limited Partnership for the development of a sport and recreation centre ("project"). The Group has injected cash of $330,000 as working capital, which represents 30% of equity interest.

KHL Capital Holdings Pte. Ltd.

In the prior financial year, the Group's joint venture, K&H Innovative Systems Pte. Ltd. subscribed for 3 ordinary shares of KHL Capital Holdings Pte. Ltd., representing 60% of the issued share capital at KHL Capital Holdings Pte. Ltd. at a cash consideration of $3.

Set out below are the summarised financial information of the Group's significant joint ventures.

Summarised statements of financial position

	FSKH $'000	EVPL $'000	Total $'000
30 September 2021			
Current assets	**253,535**	**257,053**	**508,722**
Current liabilities	**(16,212)**	**(61,739)**	**(76,085)**
Non-current liabilities	**(235,900)**	**–**	**(235,900)**
Net assets	**1,423**	**195,314**	**196,737**
30 September 2020			
Current assets	267,838	623,053	890,891
Current liabilities	(7,994)	(400,978)	(408,972)
Non-current liabilities	(266,964)	(37,100)	(304,064)
Net assets	(7,120)	184,975	177,855

The above amounts of assets and liabilities include the following:

	FSKH $'000	EVPL $'000
30 September 2021		
Cash and cash equivalents	**35,245**	**61,671**
Current liabilities (excluding trade and other payables and provisions)	**(617)**	**–**
Non-current liabilities (excluding trade and other payables and provisions)	**(235,900)**	**–**
30 September 2020		
Cash and cash equivalents	8,777	84,924
Current liabilities (excluding trade and other payables and provisions)	(429)	(342,265)
Non-current liabilities (excluding trade and other payables and provisions)	(266,964)	(37,100)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statements of comprehensive income

	FSKH $'000	EVPL $'000	Total $'000
30 September 2021			
Revenue	**146,856**	**107,179**	**254,035**
Income tax expenses	**–**	**4,338**	**4,338**
Profit after tax	**8,543**	**10,339**	**18,882**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**8,543**	**10,339**	**18,882**
30 September 2020			
Revenue	7,822	321,092	328,914
Income tax expenses	–	10,600	10,600
(Loss)/Profit after tax	(5,809)	52,107	46,298
Other comprehensive income	–	–	–
Total comprehensive income	(5,809)	52,107	46,298

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture. Dividend received from joint venture amounted to $656,000 (2000: $NIL).

Aggregate information of joint ventures that are not individually material

The following table summarises, in aggregate, the Group's share of (loss)/profit and other comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method.

	Group	
	2021 $'000	2020 $'000
The Group's share of loss before tax	**(4,280)**	(370)
The Group's share of loss after tax	**(4,280)**	(370)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**(4,280)**	(370)
Aggregate carrying amount of the Group's interest in these joint ventures	**538**	1,765

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant joint ventures for the financial year ended 30 September 2021 and 2020, are as follows:

	FSKH $'000	EVPL $'000	Total $'000
30 September 2021			
Proportion of Group ownership	**35%**	**20%**	
Net assets of the joint venture	**1,423**	**195,314**	**196,737**
Interest in joint venture	**498**	**39,063**	**39,561**
Less: elimination of unrealised profit	**(93)**	**(7,731)**	**(7,824)**
Total carrying value of significant joint ventures	**405**	**31,332**	**31,737**
Add:			
Carrying value of individually immaterial joint ventures, in aggregate			**538**
Carrying value of Group's interest in joint ventures			**32,275**
30 September 2020			
Proportion of Group ownership	35%	20%	
Net assets of the joint venture	(7,120)	184,975	177,855
Interest in joint venture	–	36,995	36,995
Less: elimination of unrealised profit	–	(7,104)	(7,104)
Total carrying value of significant joint ventures	–	29,891	29,891
Add:			
Carrying value of individually immaterial joint ventures, in aggregate			1,765
Carrying value of Group's interest in joint ventures			31,656

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

11. INTANGIBLE ASSETS

	Computer software $'000	Transferable club membership $'000	Contractual customers relationship $'000	Goodwill $'000	Total $'000
Group					
Cost					
Balance at 1 October 2020	235	222	309	1,611	2,377
Disposal	–	(222)	–	–	(222)
Balance at 30 September 2021	**235**	**–**	**309**	**1,611**	**2,155**
Accumulated amortisation					
Balance at 1 October 2020	127	–	–	–	127
Amortisation for the financial year	11	–	–	–	11
Balance at 30 September 2021	**138**	**–**	**–**	**–**	**138**
Impairment					
Balance at 1 October 2020	88	31	309	1,611	2,039
Disposal	–	(31)	–	–	(31)
Balance at 30 September 2021	**88**	**–**	**309**	**1,611**	**2,008**
Net carrying amount					
Balance at 30 September 2021	**9**	**–**	**–**	**–**	**9**
Remaining useful life	1 – 2 years	–	–	N.A.	N.A.

	Computer software $'000	Transferable club membership $'000	Contractual customers relationship $'000	Goodwill $'000	Total $'000
Group					
Cost					
Balance at 1 October 2019	213	222	309	1,611	2,355
Additions	22	–	–	–	22
Balance at 30 September 2020	235	222	309	1,611	2,377
Accumulated amortisation					
Balance at 1 October 2019	110	–	–	–	110
Amortisation for the financial year	17	–	–	–	17
Balance at 30 September 2020	127	–	–	–	127
Impairment					
Balance at 1 October 2019	88	–	309	1,611	2,008
Impairment for the financial year	–	31	–	–	31
Balance at 30 September 2020	88	31	309	1,611	2,039
Net carrying amount					
Balance at 30 September 2020	20	191	–	–	211
Remaining useful life	1 – 2 years	–	–	N.A.	N.A.

Intangible assets with indefinite useful life is tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful life of the transferable club membership is indefinite as the club membership has no expiry date. The transferable club membership had been disposed during the year.

The amortisation expense is included in the "Administrative expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Quoted equity shares[1]	**2,145**	2,895	**2,145**	2,895
Unquoted equity shares[2]	**28,727**	39,276	**–**	–
	30,872	42,171	**2,145**	2,895

Movements in financial assets at FVOCI were as follows:

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Balance at beginning of financial year	**42,171**	56,814	**2,895**	4,425
Fair value changes recognised in other comprehensive income (Note 24)	**(11,149)**	(14,643)	**(750)**	(1,530)
Divestment	**(150)**	–	**–**	–
Balance at end of financial year	**30,872**	42,171	**2,145**	2,895

The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes.

(1) The equity shares are listed on the Catalist board of the Singapore Exchange Securities Trading Limited. The fair value of the investments in quoted equity shares were based on the quoted closing market prices on the last market day of the financial year. The investments classified as a Level 1 fair value hierarchy.

(2) These are equity share investments in MKH (Punggol) Pte Ltd and Katong Holdings Pte Ltd. The fair value of the Group's investments in unquoted equity shares were valued by an independent valuer. The investments are classified as Level 3 fair value hierarchy.

The financial assets at FVOCI is denominated in Singapore dollar.

Divestment of interest in a financial assets

MKH (Punggol) Pte Ltd

On 19 January 2021, the Group divested its 15% equity interest in MKH (Punggol) Pte. Ltd. with a cash consideration of $150,000 with a loss of fair value of $55,000 recognised in other comprehensive income. The cumulative fair value loss associated with this investment was transferred within equity.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group	
	2021 $'000	2020 $'000
Balance at beginning of financial year	**23,392**	30,092
Additions	**–**	960
Fair value changes (Note 32 and 34)	**(3,586)**	(7,660)
Balance at end of financial year	**19,806**	23,392

During the financial year, the Group has made additional loans of $Nil (2020: $960,000) to third party. The fair value of loans to third party is determined based discounted cash flow method, taking into consideration the discount rate and estimated duration required for the investee to repay. It is classified under Level 3 of fair value hierarchy.

The financial assets at FVTPL is denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Non-current assets				
Non-trade receivables				
– joint ventures	**36,815**	34,562	**–**	–
Current assets				
Trade receivables				
– third parties	**4,768**	2,365	**–**	–
– subsidiary	**–**	–	**–**	12,396
– associates	**4,273**	4,297	**–**	–
– joint ventures	**2,288**	2,700	**–**	–
Loss allowance on trade receivables from third parties	**(1,057)**	(690)	**–**	–
	10,272	8,672	**–**	12,396
Retention sum				
– third parties	**2,483**	3,413	**–**	–
– associates	**3,079**	3,096	**–**	–
– joint ventures	**5,376**	11,736	**–**	–
Loss allowance on retention sum from third parties	**(1,158)**	(769)	**–**	–
Security deposits	**993**	1,408	**–**	–
Non-trade receivables				
– third parties	**2,229**	2,393	**–**	3
– subsidiaries	**–**	–	**24,491**	56,120
– joint ventures	**1,921**	66,879	**–**	–
– associates	**21,376**	21,328	**2,496**	3,070
Loss allowance				
– third parties	**(1,447)**	(1,447)	**–**	–
– subsidiaries	**–**	–	**(3,579)**	(138)
– associates	**(1,665)**	(3,458)	**(1,248)**	(3,014)
– joint venture	**(1,254)**	–	**–**	–
Goods and services tax receivable	**194**	33	**–**	–
Advance payments	**345**	719	**–**	–
Government grant receivables	**12**	997	**–**	–
	42,756	115,000	**22,160**	68,437
Total	**79,571**	149,562	**22,160**	68,437

Trade receivables from third parties, associates and joint ventures are unsecured, non-interest bearing and generally on 30 to 60 days (2020: 30 to 60 days) credit terms.

Trade amount due from subsidiary is unsecured, non-interest bearing and repayable on demand. Non-trade amounts due from subsidiaries are unsecured and bear an effective interest rate from a range of 2.75% to 3.88% (2020: 2.98% to 3.88%)

Non-trade receivables from third parties are unsecured, non-interest bearing and generally on 30 to 60 days (2020: 30 to 60 days) credit terms.

Non-trade amounts due from joint ventures are unsecured, repayable on demand and non-interest bearing except an amount of $NIL (2020: $66,691,000) which bears interest rate of NIL% (2020: 1.86%).

Non-trade amounts due from associates are unsecured, non-interest bearing and repayable on demand except for an amount of $2,333,000 (2020: $2,958,000) which bears interest rate of 6% (2020: 6%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-current non-trade amount due from a joint venture is unsecured and bear interest rate of 2.00% (2020: 2%) per annum. The fair value of the receivable is $34,759,000 (2020: $33,118,000).

Advance payments are related to advance payment to subcontractors announced by Building and Construction Authority to provide one-off advance payment on ex-gratia basis for the public sector construction contracts affected by the extended circuit breaker period.

The government grant receivables and deferred government grant income are related to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management assessed that the Group is impacted from April 2020 onwards following the circuit-breaker measure, and hence JSS grant income is recognised in the consolidated statement of comprehensive income from the month of April 2020 onwards.

Movements in the loss allowance for trade receivables are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**690**	526
Loss allowance made during the financial year		
– credit impaired	**83**	18
– non-credit impaired	**289**	146
Currency realignment	**(5)**	–
Balance at end of financial year	**1,057**	690

At 30 September 2021, retention sum held by customers for contract work amounted to $10,938,000 (2020: $18,245,000). Retention sum is due for settlement after more than 12 months. They have been classified as current asset because they are expected to be realised in the normal operating cycle of the Group.

Movements in the loss allowance for retention sum are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**769**	788
Loss allowance recognised in the financial year		
– credit impaired	**269**	–
– non-credit impaired	**108**	–
Currency realignment	**12**	(19)
Balance at end of financial year	**1,158**	769

Movements in the loss allowance for non-trade receivables due from a third party is as follows:

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**1,447**	1,463
Currency realignment	**–**	(16)
Balance at end of financial year	**1,447**	1,447

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Individual analysis of impaired non-trade receivables:

	Group	
	2021	2020
	$'000	$'000
Amount past due of more than 6 months and no response to repayment demands	**1,447**	1,447

Movements in the loss allowance for non-trade receivables due from subsidiaries is as follows:

	Company	
	2021	2020
	$'000	$'000
Balance at beginning of financial	**138**	212
Loss allowance recognised in the financial year		
– Credit impaired	**3,579**	–
Reversal of loss allowance made in prior year	**(138)**	(74)
Balance at end of financial year	**3,579**	138

Movements in the loss allowance for non-trade receivables due from associates are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**3,458**	3,882	**3,014**	3,557
Loss allowance recognised in the financial year				
– non-credit impaired	**–**	175	**–**	56
Reversal of loss allowance made in prior year				
– non-credit impaired	**(1,793)**	(599)	**(1,766)**	(599)
Balance at end of financial year	**1,665**	3,458	**1,248**	3,014

In 2021, there is a reversal of loss allowance of $1,793,000 (2020: $NIL) was recognised in profit of loss due to the improvement of performance of associates with repayment received.

Pursuant to agreement dated 15 July 2020, the Group and the Company have capitalised a non-trade amount due from the associate to investment in associate (Note 9). Following the capitalisation of the non-trade amount due from the associate, a reversal of loss allowance of $NIL (2020: $599,000) was recognised in profit or loss.

Movements in the loss allowance for non-trade receivables due from joint ventures are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**–**	–	**–**	–
Loss allowance recognised in the financial year				
– Credit impaired	**1,254**	–	**–**	–
Balance at end of financial year	**1,254**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Singapore dollar	**53,338**	126,494	**22,160**	68,437
United States dollar	**26,186**	23,028	**–**	–
Japanese yen	**6**	5	**–**	–
Maldives rufiyaa	**41**	35	**–**	–
	79,571	149,562	**22,160**	68,437

15. NON-CURRENT ASSETS HELD FOR SALES

On 21 July 2021, the Group approved the sale of the 2 leasehold properties, 48 Toh Guan Road East #03-107 and #03-143. The sales of leasehold properties are expected to be completed within a year from the reporting date. As at 30 September 2021, the leasehold properties are classified as non-current assets held for sale and no longer presented in the Property, Plant and Equipment note.

Details of assets in non-current assets held for sale are as follows:

	Group	
	2021	2020
	$'000	$'000
Leasehold properties		
Cost	**2,525**	–
Accumulated depreciation	**(316)**	–
Impairment loss	**(329)**	–
	1,880	–

In accordance with SFRS(I) 5, the current assets classified as held for sale were written down to their fair value less costs to sell of $1,880,000. This is a non-recurring fair value measurement, which was derived using observable inputs, being option to purchase price of one of the two leasehold properties, and is therefore within level 3 of the fair value hierarchy. The fair value was calculated based on the ratio of transaction price to square feet for the other leasehold property.

16. INVENTORIES

	Group	
	2021	2020
	$'000	$'000
Consumable materials		
– timber and plywood	**836**	1,242

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately $3,269,000(2020: $1,951,000).

The Group carried out a review of the realisable value of its inventories and the review led to an allowance for inventories obsolescence of approximately $329,000 (2020: $138,000) recognised in profit or loss. The allowance for inventory obsolescence is included in "cost of sales" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2021	2020
	$'000	$'000
Contract assets	**35,443**	17,001
Contract liabilities	**129**	378

During the financial year, the Group has recognised a loss allowance on contract assets arising from contracts with customers amounting to $703,000 (2020: $35,000) (Note 42).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for building construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for building construction contracts. Contract liabilities are recognised as revenue as the Group fulfills its performance obligations under the contract.

a) Significant changes in contract assets are explained as follows:

	Group	
	2021	2020
	$'000	$'000
Contract assets reclassified to receivables	**(17,943)**	(20,735)
Excess of revenue recognised over cash	**38,761**	15,347

b) Remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 30 September 2021 is $507,126,000 (2020: $234,310,000). This amount has not included the following:

- Performance obligation for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The amount of Group's revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	2022	**2023**	**2024**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 30 September 2021				
Construction contracts	**181,707**	**270,777**	**54,642**	**507,126**

	2021	**2022**	**2023**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 30 September 2020				
Construction contracts	116,113	106,246	11,951	234,310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

18. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Fixed deposits	**2,172**	2,243	**623**	621
Cash at bank balances	**20,874**	38,289	**2,252**	14,030
	23,046	40,532	**2,875**	14,651
Fixed deposits pledged (Note 26)	**(535)**	(532)	**–**	–
Bank overdraft (Note 26)	**(698)**	–	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**21,813**	40,000	**2,875**	14,651

Fixed deposits will mature within 1 to 12 (2020: 1 to 12 months) months from the financial year-end and the effective interest rate on the fixed deposits ranges from between 0.15% to 1.75% (2020: 0.15% to 2.75%) per annum.

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents include short-term deposits with an average maturity of more than 3 months, as there is no significant loss or penalty in converting these deposits into liquid cash before maturity.

Cash and bank balances on statements of financial position are denominated in the following currencies:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Ringgit Malaysia	**780**	786	**–**	–
Singapore dollar	**13,332**	27,642	**2,873**	14,651
United States dollar	**5,108**	8,174	**2**	–
Maldives rufiyaa	**452**	479	**–**	–
Japanese yen	**3,374**	3,451	**–**	–
	23,046	40,532	**2,875**	14,651

19. SHARE CAPITAL

	Group and Company			
	2021	2020	**2021**	2020
	Number of ordinary shares ('000)		**$'000**	$'000
Issued and fully-paid	**242,565**	242,565	**25,048**	25,048

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

20. TREASURY SHARES

	Group and Company			
	2021	2020	**2021**	2020
	Number of ordinary shares ('000)		**$'000**	$'000
At beginning and end of financial year	**7,555**	7,555	**3,303**	3,303

The treasury shares have been used and released for share awards vested under the Keong Hong Group 2011 Employee Share Option Scheme. The difference between the average price paid to acquire treasury shares and the share grant price has been presented within the statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

21. SHARE OPTION RESERVE

Equity-settled share option scheme

The Keong Hong Holdings Limited Employee Share Option Scheme (the "Scheme") was approved in November 2011. This Scheme is designed to reward and retain the eligible participants whose services are vital to the success of the Group. Under the rules of the Scheme, Executive Directors and Non-Executive Directors and employees of the Group, who are not controlling shareholders are eligible to participate in the Scheme.

Pursuant to the Scheme,

a) On 1 October 2013, the Company granted 4,000,000 share options ("2014 Options") to subscribe for 4,000,000 ordinary shares in the Company at an exercise price of $0.47, which is at 19.7% discount to the market price. The market price is the average of the last dealt prices for the ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive trading days immediately preceding the date of grant. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 1 October 2015 and expire on 30 September 2023. The Options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

b) Following a bonus issue to the Company's ordinary shareholders on 20 June 2014 ("2014 Options"), the Company granted additional share options to the holders of the 2014 Options. The additional share options were granted based on one additional bonus share option for every two existing issued share options. The exercise price for the bonus share options and existing share options were also revised from $0.47 to $0.31. The vesting conditions remains unchanged.

c) On 1 December 2014, the Company had granted 825,000 share options ("2015 Options") to subscribe for 825,000 ordinary shares in the Company at an exercise price of $0.32. The vesting of the Options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 1 December 2016 and expire on 30 November 2024.

d) On 8 January 2016, the Company had granted 4,175,000 share options ("2016 Options") to subscribe for 4,175,000 ordinary shares in the Company at an exercise price of $0.40. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 8 January 2018 and expire on 7 January 2026.

e) On 3 April 2017, the Company had granted 700,000 share options ("2017 Options") to subscribe for 700,000 ordinary shares in the Company at an exercise price of $0.355. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 10 years, from 3 April 2019 and expire on 2 April 2027.

f) On 2 April 2018, the Company had granted 2,950,000 share options ("2018 Options") to subscribe for 2,950,000 ordinary shares in the Company at an exercise price of $0.46. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 10 years, from 2 April 2020 and expire on 1 April 2028.

g) On 16 April 2019, the Company had granted 650,000 share options ("2019 Options") to subscribe for 650,000 ordinary shares in the Company at an exercise price of $0.40. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 10 years, from 16 April 2021 and expire on 15 April 2029.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

21. SHARE OPTION RESERVE (CONTINUED)

Equity-settled share option scheme (Continued)

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

Date of grant	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year	Exercise price $	Exercisable period
1/10/2013	650,000	–	–	–	650,000	0.310	1.10.2015 to 30.9.2023
20/6/2014	630,000	–	–	–	630,000	0.310	1.10.2015 to 30.9.2023
1/12/2014	200,000	–	–	–	200,000	0.315	1.12.2016 to 30.11.2024
8/1/2016	1,650,000	–	–	–	1,650,000	0.400	8.1.2018 to 7.1.2026
3/4/2017	300,000	–	–	–	300,000	0.355	3.4.2019 to 2.4.2027
2/4/2018	2,525,000	–	–	–	2,525,000	0.460	2.4.2020 to 1.4.2028
16/4/2019	500,000	–	–	–	500,000	0.400	16.4.2021 to 15.4.2029
Total	6,455,000	–	–	–	6,455,000		

During the financial year, no (2020: no) options were exercised for the equity-settled share option scheme. The options outstanding at end of the reporting period have remaining contractual life of 2 to 7.5 years (2020: 3 to 8.5 years).

Out of the total equity-settled share option schemes of 6,455,000 (2020: 6,455,000) options, 6,455,000 (2020: 5,955,000) options are exercisable as at 30 September 2021.

The Group recognised share based payment expenses and a corresponding share option reserve of $11,000 (2020: $283,000) for the financial year ended 30 September 2021.

22. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is non-distributable. Movements in this reserve are set out in the consolidated statement of changes in equity.

23. MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired under common control.

24. FAIR VALUE RESERVE

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
At beginning of financial year	**(14,465)**	178	**(3,930)**	(2,400)
Fair value changes recognised in other comprehensive income	**(11,149)**	(14,643)	**(750)**	(1,530)
At end of financial year	**(25,614)**	(14,465)	**(4,680)**	(3,930)

Fair value reserve represent the cumulative fair value changes, net of tax, of financial asset until it is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade payables				
– third parties	**5,753**	3,583	**–**	–
– accrued subcontractor expenses	**13,176**	33,344	**–**	–
	18,929	36,927	**–**	–
Non-trade payables				
– third parties	**121**	116	**–**	–
– due to a director and non-controlling interest of subsidiary	**2,422**	2,225	**–**	–
Deferred revenue	**–**	189	**–**	–
Rental deposits	**828**	852	**–**	
Accrued operating expenses	**4,336**	2,761	**687**	869
Corporate guarantee liability	**1,616**	2,922	**1,616**	2,922
Deferred government grant income	**54**	666	**–**	–
Goods and services tax payable	**21**	188	**–**	–
	28,327	46,846	**2,303**	3,791

Trade and non-trade payables to third parties are unsecured, non-interest bearing and generally on 30 to 60 (2020: 30 to 60) days credit terms.

Non-trade amount due to a director and non-controlling interest of subsidiary is unsecured, non-interest bearing and repayable on demand.

Deferred revenue refers to the Group's share of the unrealised profit arising from the building and construction services rendered to joint venture. The deferred revenue will be amortised over the phases of occupation of the constructed building or upon the temporary occupation permit granted for the buildings for joint venture, and taken against the share of results of joint venture company in the Group's profit or loss.

The provision for corporate guarantees is related to corporate guarantees to bank for borrowings of an associate. These guarantees qualify as financial guarantees because the Group and the Company is required to reimburse the banks in the event of breach of any repayment term.

Deferred government grant income is in respect of JSS, details of which are disclosed in Note 14 to the financial statements.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Singapore dollar	**17,177**	35,907	**2,303**	3,791
United States dollar	**319**	313	**–**	–
Japanese yen	**10,829**	10,626	**–**	–
Malaysian ringgit	**2**	–	**–**	–
	28,327	46,846	**2,303**	3,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

26. BANK BORROWINGS

	Group	
	2021	2020
	$'000	$'000
Non-current liabilities		
Secured		
– Term loan V	**8,542**	7,199
– Term loan VII	**1,259**	200
	9,801	7,399
Current liabilities		
Secured		
– Term loan I		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	**364**	386
Portion of term loan due for repayment after one financial year	**2,951**	3,529
– Term loan II		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	**364**	386
Portion of term loan due for repayment after one financial year	**4,562**	5,244
– Term loan III		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	**57**	57
Portion of term loan due for repayment after one financial year	**479**	540
– Term loan IV	**15,014**	12,507
– Term loan V	**3,293**	1,035
– Term loan VI	**1,001**	1,001
– Term loan VII	**400**	50
– Term loan VIII	**826**	1,000
– Term loan IX	**2,003**	–
– Revolving credit	**2,000**	3,860
– Trust receipts	**936**	252
– Bank overdraft	**698**	–
	34,948	29,847
Total bank borrowings	**44,749**	37,246

	2021	2020
	$'000	$'000
Singapore dollar	**36,507**	27,701
Japanese yen	**8,242**	9,545
	44,749	37,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

26. BANK BORROWINGS (CONTINUED)

The Group has seven types of loans:

a) Term loan I

The Group entered into a banking facility amounting to $5,932,000 on 15 February 2016 which can be drawn down based on the Group's financing requirements. As at the end of the reporting period, the outstanding borrowings amounted to $3,315,000 (2020: $3,915,000). Repayment is to be made via 84 monthly instalments comprising of monthly principal of $34,000 and last principal of $3,134,000 which commencing on 31 March 2016 and will continue until 28 February 2023. The interest on the loan is charged at 1.38% (2020: 1.35%) at base rate plus 1.3% per annum. The loan is secured by:

(i) a charge over the Group's investment property (Note 7); and

(ii) the corporate guarantee provided by the Company.

b) Term loan II

The Group entered into a banking facility amounting to $6,330,000 on 20 September 2017 which can be drawn down based on the Group's financing requirements. As at the end of the reporting period, the outstanding borrowings amounted to $4,926,000 (2020: $5,630,000). Repayment is to be made via 84 monthly instalments comprising of monthly principal of $34,000 and last principal amount of $3,828,000 which commenced on 31 October 2017 and will continue until 30 September 2024. The interest on the loan is charged at 1.29% (2020: 1.28%) at base rate plus 1.2% per annum.

The loan is secured by:

(i) a charge over the Group's investment property (Note 7); and

(ii) the corporate guarantee provided by the Company.

c) Term loan III

The Group entered into banking facilities amounting to $791,000 on 19 August 2016 which can be drawn down based on the Group's financing requirements. As at the end of the reporting period, the outstanding borrowings amounted to $536,000 (2020: $597,000). Repayments commenced on 7 July 2016 and will continue until 7 February 2031 and 7 October 2029 respectively. The loan carries an interest at bank prevailing enterprise financing rate "EFR" minus 3.6% for 1st year, EFR minus 3.3% for 2nd year, at EFR rate for the subsequent years, payable over 150 and 133 monthly instalments. The loans are secured by:

(i) a mortgage over the Group's property, plant and equipment (Note 5); and

(ii) joint and several personal guarantee from Director of a subsidiary and a non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

26. BANK BORROWINGS (CONTINUED)

d) Term loan IV

The Group entered into a banking facility amount to $18,500,000 on 28 March 2018, which was revised to $17,000,000 on 9 July 2018. The facility is a specific advance facility meant for financing of one of the Group's building construction project, which the limit is subject to a step up/down schedule. On 15 September 2021, the Group drawn down a principal amount of $2,500,000 (2020: $5,000,000). As at the end of the reporting period, the outstanding borrowing amounted to $15,014,000 (2020: $12,507,000) and is repayable on demand. The loan carries an interest at 1.77% (2020: 1.88%) plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

e) Term loan V

The Group entered into a banking facility amounting to $8,600,000 on 5 November 2018, which is to finance the purchase of two properties. As at the end of the reporting period, the total outstanding borrowing amounts to $7,434,000 (FY2020: $7,984,000), comprising of both current and non-current loan amount of $692,000 (2020: $985,000) and $6,742,000 (2020: $6,999,000) respectively. The loan carries an interest at 3.32% for the first and second year of the loan, 2.95% for the third year of loan and 6.25% thereafter plus the bank cost of borrowings. The loan is secured by a first legal mortgage over the two buildings under Group's property, plant and equipment (Note 5).

The term loan is repayable over 132 monthly instalments comprising of the principal amount of $8,600,000 and monthly interest, which is calculated based on the interest rate set out in the banking facility letter dated on 5 November 2018. The monthly repayment of $76,000 commences on 17 June 2019 and will continue until 17 April 2030.

The Group entered into an additional banking facility amounting to $3,000,000 on 9 April 2020, which can be drawn down based on the Group's financing requirements. On 6 October 2020, the Group drawn down a principal amount of $2,750,000 (2020: $250,000). As at the end of reporting period, the outstanding borrowings amounted to $2,400,000 (2020: $250,000), comprising of both current and non-current loan amount of $600,000 (2020: $50,000) and $1,800,000 (2020: $200,000) respectively. The loan carries an interest at 2.75% plus the bank cost of borrowings. The loan is secured by a corporate guarantee provided by the Company.

The term loan is repayable over 60 monthly instalments comprising of the principal amount of $2,750,000 and monthly interest, which is calculated based on the interest rate set out in the banking facility letter dated on 9 April 2020 and revised on 28 April 2021. The monthly repayment of $50,000 will commence on 31 October 2020 and will continue until 30 September 2025.

The Group entered into an additional banking facility amounting to $10,500,000 on 28 April 2021, which can be drawn down based on the Group's financing requirements. The facility is a money market loan meant for financing one of the building construction project, which the limit is subjected to a step up/down schedule. On 17 September 2021, the Group drawn down a principal amount of $2,000,000. As at 30 September 2021, the outstanding borrowings amounted to $2,000,000 (2020: $Nil) and repayable by 1 April 2023. The loan carries an interest of 1.25% (2020: Nil) plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

The term loan interest is repayable every month, which will commence on 17 October 2021. As at 30 September 2021, the Company has yet to make any repayment for the principal amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

26. BANK BORROWINGS (CONTINUED)

f) Term loan VI

The Group entered into a banking facility amounting to $8,700,000 on 17 April 2019. The facility is a specific advance facility meant for financing of one of the Group's building construction project, which the limit is subject to a step up/down schedule. As at the end of the reporting period, the outstanding borrowing amounted to $1,001,000 (2020: $1,001,000) and repayable by 1 March 2022. The loan carries an interest at 1.25% plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

g) Term loan VII

The Group entered into a banking facility amount to $2,000,000 on 9 April 2020. The facility is a temporary bridging loan under the Enterprise Financing Scheme for working capital requirements. On 6 October 2020, the Group drawn down a principal amount of $1,750,000 (2020: $250,000). As at the end of reporting period, the outstanding borrowings amounted to $1,659,000 (2020: $250,000), comprising of both current and non-current loan amount of $400,000 (2020: $50,000) and $1,259,000 (2020: $200,000) respectively. As at the end of the reporting period, the outstanding borrowing amounts to $1,659,000 (2020: $250,000), comprising of the principal amount drawn down by the Group on 1 September 2020. The loan carries an interest at 2.75% (2020: 2.75%) per annum. The loan is secured by the corporate guarantee provided by the Company.

The term loan is repayable over 60 monthly instalments comprising of the principal amount of $1,659,000 (2020: $250,000) and monthly interest, which is calculated based on the interest rate set out in the banking facility letter dated on 9 April 2020. The monthly repayment of $4,000 and $29,000 will commence on 31 October 2020 and 1 December 2020 and continue until 30 September 2025 and 30 November 2025 respectively.

h) Term loan VIII

The Group entered into banking facilities amounting to $1,000,000 on 25 September 2020 which can be drawn down based on the Group's financing requirements. The facility is a specific advance facility meant for financing of the properties which are the office premises of the Group. As at the end of the reporting period, the outstanding borrowings amounted to $826,000 (2020: $1,000,000) and is repayable on demand. The loan carries an interest at bank prevailing enterprise financing rate "EFR" minus 2.5% thereafter plus the bank cost of borrowings, payable over 60 monthly instalments. The loans are secured by:

(i) a mortgage over the Group's property, plant and equipment (Note 5); and

(ii) joint and several personal guarantee from Director of a subsidiary and a non-controlling interest.

i) Term loan IX

The Group entered into a banking facility amount to $4,500,000 on 5 September 2019. The facility is a specific advance facility meant for financing of one of the Group's building construction project, which the limit is subject to a step up/down schedule. On 3 February 2021, the Company drawn down a principal amount of $2,000,000. As at the end of the reporting period, the outstanding borrowing amounted to $2,003,000 (2020: Nil) and repayable by 30 December 2022. The loan carries an interest at 1.35% (2020: Nil) plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) The corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

26. BANK BORROWINGS (CONTINUED)

j) Revolving credits are repayable or rollover within 3 months (2020: 3 months) from the financial year end and the interest are revised to the market rates on the rollover date. These revolving credits are secured by:

(i) the existing legal assignment of project proceeds in respect of project financing; and

(ii) the corporate guarantee provided by the Company.

k) Trust receipts amounted to $936,000 (2020: $253,000) are unsecured but repayable on demand to the bank with a maximum tenor of up to 120 days. It bear interest of 1.7% to 1.9% over the bank prevailing prime rate of 2.25% per annum.

l) The Group entered into an overdraft facility amounting to $1,400,000 on on 19 August 2016 (DBS), 21 December 2017 (MBB), 14 February 2018 (OCBC) and 29 December 2017 (UOB) respectively which can be drawn down based on the Group's financing requirements. As at the end of the reporting period, the outstanding bank overdraft amounted to $697,000 (2020: $Nil) and is repayable on demand to the bank with a maximum tenor of up to 1 year. It bears interest of 4.25% over the bank prevailing prime rate of 1.25% per annum. The overdraft facility is secured by:

(i) deposits pledged with financial institution (Note 18); and

(ii) joint and several personal guarantee from Director of a subsidiary and a non-controlling interest.

The term loans due for repayable after one year which are classified as current liabilities that are subject to repayment on demand clauses are not expected to be settled within one year.

The Group is up to date with the scheduled repayments of the term loans and does not consider it probable that the banks will exercise its discretion to demand repayment for so long as the Group continues to meet the requirements. Further details of the Group's management of liquidity risk are set out in Note 42.3 to the financial statements.

Management estimates that the carrying amounts of the Group's borrowings approximate their fair values as these borrowings are at floating interest rates and repriced regularly.

Breach of subsidiary's financial covenants

A subsidiary of the Group has bank facilities of S$3,800,000 of which S$1,923,000 has drawdown. The subsidiary has not complied with the following financial covenants required by the banks:

i. the maintenance of positive net worth; and

ii. the maintenance of gearing ratio of not more than 1

Due to the non-compliance of the financial covenants, the banks are contractually entitled to request immediate repayment of the drawdown amount. The drawdown amount is presented as a current liability as at 30 September 2021. The bank had not requested early repayment of the drawdown as of the date when these financial statements were approved by the Directors.

Undrawn Commitments

As at 30 September 2021, the Group has undrawn committed banking facilities of $52.8 million (2020: $30.5 million) in respect of which all conditions precedent had been met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

27. LEASE LIABILITIES

	Land $'000	Equipment $'000	Motor Vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Balance at 1 October 2020	5,796	402	427	118	461	7,204
Additions	–	–	100	–	2	102
Interest expense (Note 33)	178	11	21	2	9	221
– Principal portion	(408)	(116)	(123)	(94)	(250)	(991)
– Interest portion	(178)	(11)	(21)	(2)	(9)	(221)
Balance at 30 September 2021	**5,388**	**286**	**404**	**24**	**213**	**6,315**

	Land $'000	Equipment $'000	Motor Vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Balance at 1 October 2019	6,189	515	515	205	702	8,126
Additions	–	–	35	–	–	35
Interest expense (Note 33)	193	14	25	4	15	251
– Principal portion	(393)	(113)	(123)	(87)	(241)	(957)
– Interest portion	(193)	(14)	(25)	(4)	(15)	(251)
Balance at 30 September 2020	5,796	402	427	118	461	7,204

	2021 $'000	2020 $'000
Company		
Balance as at the beginning of the financial year	**99**	118
Interest expense	**4**	6
– Principal portion	**(20)**	(19)
– Interest portion	**(4)**	(6)
Balance as at the end of the financial year	**79**	99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

27. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period are as follows:

	2021 $'000	2020 $'000
Group		
Contractual undiscounted cash flows		
– Not later than one financial year	**1,087**	1,203
- After one financial year but within five financial years	**2,601**	3,172
– More than five financial years	**3,783**	4,187
	7,471	8,562
Less: Future interest expense	**(1,156)**	(1,358)
Present value of lease liabilities	**6,315**	7,204
Presented in statements of financial position		
– Non-current	**5,423**	6,220
– Current	**892**	984
	6,315	7,204
Company		
Contractual undiscounted cash flows		
– Not later than one financial year	**25**	25
– After one financial year but within five financial years	**61**	85
	86	110
Less: Future interest expense	**(7)**	(11)
Present value of lease liabilities	**79**	99
Presented in statements of financial position		
– Non-current	**58**	79
– Current	**21**	20
	79	99

The Group leases land, equipment, dormitories and warehouse in Singapore. As at 30 September 2021, the average incremental borrowing rate applied in the lease were 3.3% (2020: 3.3%).

As at 30 September 2021, the Group and the Company leased certain motor vehicles under finance lease and the average discount rate implicit in finance lease was 3.73% (2020: 3.73%) and 2.68% (2020: 2.68%) respectively.

Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's lease liabilities of $404,000 and $79,000 (2020: $427,000 and $99,000) respectively were secured over motor vehicles (Note 6).

The lease liabilities are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

28. MEDIUM TERM NOTES

	Group and Company	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**98,952**	84,537
Issued during the financial year	**–**	47,654
Repurchase during the financial year	**(51,250)**	(33,750)
Unwinding of discount on medium term notes	**253**	237
Modification adjustments on issuance of MTN 3	**–**	274
Balance at end of financial year	**47,955**	98,952
Presented in statements of financial position		
– Non-current	**–**	47,933
– Current	**47,955**	51,019
	47,955	98,952

On 15 September 2017, $85,000,000 were issued from the MTN programme under Series 002 (the "MTN 2") and the MTN 2 carried fixed interest of 5.75% per annum with interest payable semi-annually. The MTN 2 is matured on 15 September 2021.

On 19 August 2020, $48,000,000 were issued from the MTN programme under Series 003 (the "MTN 3"). The MTN 3 comprises:

(i) $33,750,000 in aggregate principal amount of New Notes issued as part of the Exchange Consideration for MTN 2; and

(ii) $14,250,000 in aggregate principal amount of additional New Notes issued pursuant to the Additional New issue.

The MTN 3 carried fixed interest of 6.25% per annum with interest payable semi-annually. The MTN 3 will mature on 19 August 2023. The MTN 3 are unsecured.

The MTN 3 are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Prior to the maturity of the MTN 3, the Company may redeem the MTN 3 based on the stipulated redemption price on the occurrence of the early redemption condition stated in the pricing supplement. Early redemption conditions for the MTN 3 are:

- additional tax obligation to the Company due to any change in, or amendment to, the laws or regulation of Singapore;
- on event of default; or
- change in control of the Company (Note 4).

The MTN 2 and MTN 3 contained certain covenants that the Group will ensure that:

(i) its Consolidated Tangible Net Worth shall not at any time be less than $70,000,000;

(ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth shall not at any time exceed 1.50:1;

(iii) the ratio of Consolidated Secured Debt to the Consolidated Total Assets of the Issuer shall not at any time be more than 0.50:1; and

(iv) the ratio of EBITDA to Interest Expense shall not at any time be less than 2.00:1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

28. MEDIUM TERM NOTES (CONTINUED)

Management estimated the fair value of these Notes as at 30 September 2021 to be approximately $46,190,000 (2020: $98,520,000). The fair value is based on the bid price extracted from SGX-ST as at the end of the reporting period. The Notes are classified as Level 1 fair value hierarchy.

The Group has not been able to maintain a ratio of EBITDA to interest expenses of not less than 2:00 as at 31 March 2021 ("1H2021") and 30 September 2021 ("FY2021") as disclosed in Note 4 to the consolidated financial statements. The breach of the financial covenant constitutes an Event of Default (as defined in the Trust Deed) lead to a reclassification of the presentation of the Notes from non-current liabilities to current liabilities in the statement of financial position.

Consequent to the above conditions, the Group and the Company reclassified the MTN 3 due payable on 19 August 2023 from non-current liabilities to current liabilities. Subsequent to the financial year end, through a Consent Solicitation Exercise on 28 January 2022, the Group obtained the consent of its Noteholders to (a) include a cure mechanism (by way of an interest service reserve account for the Notes) in respect of any non-compliance with the required threshold for the ratio of EBITA to Interest Expense; (b) waive certain provisions of the Trust Deed and the Conditions as a result of any non-compliance with the EBITA-Interest Threshold in respect of Financial period ended 31 March 2021 and financial year ended 30 September 2021; and (c) waive the occurrence of any Event(s) of Default or Potential Event(s) of Default as a result of any non-compliance with the EBITA-Interest Threshold in respect of Financial period ended 31 March 2021 and financial year ended 30 September 2021.

The medium term notes are denominated in Singapore dollar.

29. PROVISIONS

	Provision for onerous contracts *Current liabilities* **$'000**	**Provision for warranty and defects** *Current liabilities* **$'000**	**Provision for share of loss in joint venture** *Current liabilities* **$'000**	**Provision for restoration costs** *Non-current liabilities* **$'000**	**Total** **$'000**
Group					
30 September 2021					
Balance at beginning of financial year	**2,717**	**1,822**	**–**	**512**	**5,051**
Provision made	**4,809**	**500**	**4,271**	**–**	**9,580**
Balance at end of financial year	**7,526**	**2,322**	**4,271**	**512**	**14,631**
30 September 2020					
Balance at beginning of financial year	–	2,022	–	506	2,528
Provision made	2,717	–	–	–	2,717
Provision reversed	–	(200)	–	–	(200)
Unwinding of discount on provisions	–	–	–	6	6
Balance at end of financial year	2,717	1,822	–	512	5,051

At the end of the reporting period, the Group recognised $7,526,010 (2020: $2,717,000) provision for the unavoidable costs of fulfilling certain construction contract with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contract is expected to be utilised at the end of the contract term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

29. PROVISIONS (CONTINUED)

Provision for warranty is recognised based on the claims experienced in the past and the level of repairs experienced for similar projects. A reversal of provision for warranty is made due to expiration of warranty period for completed project. The Group has undertaken to perform the necessary repairs should the work carried out by the Group fail to perform satisfactorily.

Provision for share of loss in joint venture is recognised where the Group's share of losses exceeds the Group's carrying amount of its investment in joint ventures as disclosed in Note 10 to the consolidated financial statements.

A provision is recognised for expected restoration cost in relation to properties. The provision for restoration costs are the estimated costs of dismantlement, removal or restoration of property arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

At the end of the reporting period, the Group recognised $4,271,000 (2020: $Nil) provision for the share of loss in joint venture.

30. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2021	2020
	$'000	$'000
Deferred tax assets	**67**	593
Deferred tax liabilities	**(1)**	(1)

Movements in deferred tax assets are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**593**	493
Credited to profit or loss	**(524)**	102
Foreign currency translation differences	**(2)**	(2)
Balance at end of financial year	**67**	593

Movements in deferred tax liabilities are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**(1)**	(69)
Credited to profit or loss	**–**	68
Balance at end of financial year	**(1)**	(1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

30. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets are attributable to the following temporary differences:

	Group	
	2021 **$'000**	2020 $'000
Unutilised tax losses	**–**	81
Accelerated tax depreciation	**67**	512
	67	593

Deferred tax liabilities are attributable to the following temporary differences:

	Group	
	2021 **$'000**	2020 $'000
Accelerated tax depreciation	**(1)**	(1)

The amount of the deferred tax income or expense in respect of each type of unutilised tax losses and unutilised tax credits recognised in profit or loss are as follows:

		Group	
	Unutilised tax losses $'000	**Accelerated tax depreciation $'000**	**Total $'000**
2021			
Balance at beginning of financial year	**81**	**511**	**592**
Reassessment of prior year deferred tax	**(81)**	**(443)**	**(524)**
Foreign currency translation differences	**–**	**(1)**	**(1)**
Balance at end of financial year	**–**	**67**	**67**
2020			
Balance at beginning of financial year	81	343	424
Credited to profit or loss	–	170	170
Foreign currency translation differences	–	(2)	(2)
Balance at end of financial year	81	511	592

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

31. REVENUE

	Group	
	2021	2020
	$'000	$'000
Construction contracts – over time	**75,411**	81,191
Rental income from investment property	**1,541**	1,751
	76,952	82,942

32. OTHER INCOME

	Group	
	2021	2020
	$'000	$'000
Gain on disposal of plant and equipment	**21**	119
Interest income		
– banks	**102**	176
– finance lease receivables	**–**	15
– loan due from joint ventures	**1,024**	1,781
– loan due from associates	**2,946**	3,717
– loan due from third party	**16**	–
Late charges charged to subcontractors	**16**	13
Rental income from warehouse	**1,020**	1,525
Sales of scrap steel	**69**	68
Management fee	**300**	300
Dividend income from financial assets at FVOCI	**–**	8
Foreign exchange gain, net	**127**	–
Government grant		
– job support scheme	**1,279**	1,027
– foreign worker levy rebate	**359**	1,149
– COVID safe firm based support	**–**	142
– construction restart booster	**–**	803
– others	**59**	30
Others	**60**	181
	7,398	11,054

33. FINANCE COSTS

	Group	
	2021	2020
	$'000	$'000
Interest expenses:		
– medium term notes	**5,798**	5,037
– term loans	**722**	652
– revolving credit	**9**	129
– trust receipt	**14**	51
– lease liabilities	**221**	251
– bank overdraft	**9**	–
– unwinding of discount on provision for restoration cost	**–**	6
– unwinding of discount on medium term notes	**253**	237
	7,026	6,363

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

34. LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2021	2020
	$'000	$'000
Cost of sales		
Construction costs	**40,583**	28,931
Cost of inventories	**3,269**	1,951
Employee benefit expenses	**12,463**	12,151
Depreciation of property, plant and equipment	**12**	263
Depreciation of investment properties	**627**	640
Allowance for inventory obsolescence	**329**	138
Administrative and other expenses		
Audit fees		
– Auditors of the Company	**128**	133
– Other auditors	**9**	10
Non-audit fees		
– Auditors of the Company	**31**	78
Amortisation of intangible assets	**11**	17
Depreciation of property, plant and equipment	**3,489**	3,366
Depreciation of right-of-use assets	**1,209**	1,200
Employee benefit expenses	**5,964**	5,390
Fair value changes on financial asset FVTPL	**3,586**	7,660
(Reversal)/Impairment loss on investment in an associate	**–**	11,603
Impairment loss on investment in joint venture	**686**	138
Loss of disposal of intangible assets	**191**	–
Impairment of intangible assets	**–**	31
Foreign exchange loss, net	**1,319**	603
Professional fees	**462**	869

The loss before income tax also includes:

	Group	
	2021	2020
	$'000	$'000
Employee benefit expenses:		
Salaries, wages, bonuses and other staff benefits	**17,750**	16,576
Contributions to defined contribution plans	**666**	682
Share option expenses	**11**	283
	18,427	17,541

Included in the employee benefit expenses were Directors' remuneration as shown in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

35. INCOME TAX EXPENSE

	Group	
	2021	2020
	$'000	$'000
Current income tax		
– current financial year	**2,631**	5,645
– overprovision in prior financial years	**(582)**	(47)
	2,049	5,598
Deferred income tax		
– current financial year	**–**	(112)
– under/(over) provision in prior financial years	**524**	(58)
	524	(170)
Total income tax expense recognised in profit or loss	**2,573**	5,428

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021	2020
	$'000	$'000
Loss before income tax	**(17,607)**	(13,402)
Add/(Less): Share of result of joint ventures	**(2,835)**	(6,880)
Share of result of associates	**5,853**	21,954
	(8,919)	1,672
Income tax calculated at applicable income tax rate of 17% (2020: 17%)	**(1,516)**	284
Effect of different tax rate in other country	**35**	(11)
Tax effect of income not subject to income tax	**(3,825)**	(449)
Tax effect of expenses not deductible for income tax purposes	**6,150**	5,766
Tax effect of tax exemption	**(19)**	(34)
Overprovision in prior financial years' current income tax	**(582)**	(47)
Under/(over) provision in prior financial years' deferred income tax	**524**	(58)
Unrecognised deferred tax assets	**1,805**	12
Others	**1**	(35)
	2,573	5,428

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

35. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	**39**	258
Reassessment of unrecognised deferred tax assets in prior financial years	**524**	(231)
Amount not recognised during the financial year	**1,805**	12
Balance at end of financial year	**2,368**	39

Unrecognised deferred tax assets are attributable to:

	Group	
	2021	2020
	$'000	$'000
Unutilised tax losses	**1,722**	40
Unutilised capital allowance	**14**	–
Others	**632**	(1)
	2,368	39

As at 30 September 2021, the Group has unutilised tax losses amounting to approximately $10,130,000 (2020: $235,000) available for set-off against future taxable profits subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Included in unutilised tax losses are the following tax losses of KHA Resorts & Hotels Construction Pvt Ltd which are available for offset against future taxable income for a period of 5 years from the year incurred:

		Group	
Year incurred	**Year of expiry**	**2021**	2020
		$'000	$'000
2018	2023	**14**	14
2019	2024	**43**	43
		57	57

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits in KHA Resorts & Hotels Construction (Maldives) Pvt Ltd to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

36. LOSS PER SHARE

36.1 Basic loss earnings per share

Basic loss earnings per share is calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021 **$'000**	2020 $'000
The calculation of basic loss per share is based on the following data:		
Loss attributable to owners of the parent	**(17,500)**	(18,043)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (excluding treasury shares)	**235,010**	235,010
Basic loss per share (cents)	**(7.45)**	(7.68)

36.2 Diluted loss per share

For the purpose of calculating diluted earnings per share, profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

During the financial year ended 30 September 2021, the share options as mentioned above were not included in the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

Diluted earnings per share attributable to owners of the Company is calculated as follows:

	2021 **$'000**	2020 $'000
Loss attributable to owners of the parent ($)	**(17,500)**	(18,043)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (excluding treasury shares)	**235,010**	235,010
Effect of share options in issue	**–**	–
Weighted average number of ordinary shares at 30 September	**235,010**	235,010
Diluted (loss) per share (cents)	**(7.45)**	(7.68)

37. DIVIDENDS

	Group and Company	
	2021 **$'000**	2020 $'000
Final tax-exempt dividend paid of Nil (2020: 1.50) cents per ordinary share in respect of the previous financial year	**–**	3,525

The Company did not recommend any dividend in respect of the financial year ended 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with their related parties during the financial year at rates and at rate and terms between the parties:

	Group	
	2021	2020
	$'000	$'000
Joint ventures		
Contract revenue from joint ventures	**26,144**	55,917
Loan to joint ventures	**2,895**	2,748
Interest charged to joint ventures	**1,024**	1,781
Payment on behalf of joint ventures	**479**	277
Associates		
Contract revenue from associates	**–**	8,581
Loan to associates	**1,626**	12,623
Cash advances to associates	**470**	50
Rental charged by associates	**20**	–
Payment on behalf by associates	**–**	5
Payment made on behalf of associates	**389**	606
Management fee charged to associates	**300**	300
Interest charge to associates	**2,945**	3,717

	Group and Company	
	2021	2020
	$'000	$'000
Directors' interest in medium term notes		
– Leo Ting Ping, Ronald	**2,000**	2,000
– Lim Jun Xiong Steven	**1,000**	750
– Chong Weng Hoe	**250**	250
Interest expense		
– Leo Ting Ping, Ronald	**125**	–
– Lim Jun Xiong Steven	**63**	29
– Chong Weng Hoe	**16**	14

At the end of reporting period, the outstanding balances in respect of the above related party transactions are disclosed in Note 9, 10 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of the key management personnel of the Group during the financial year was as follows:

	Group	
	2021	2020
	$'000	$'000
Directors of the Company		
– Short-term benefits	**1,782**	1,445
– Post-employment benefits	**27**	30
– Directors' fees	**192**	174
Other key management personnel		
– Short-term benefits	**263**	478
– Post-employment benefits	**17**	22
	2,281	2,149

39. COMMITMENTS

39.1 Operating lease commitments

Group as a lessor

In respect of the investment properties disclosed in Note 7 to the financial statements, the Group lease out its investment properties and warehouse to third parties and an associate under non-cancellable operating leases. These leases have a tenure range from 1 to 4 financial years with options to renew.

Future minimum rentals receivables under non-cancellable operating leases as at the reporting date are as follows:

	Group	
	2021	2020
	$'000	$'000
Not later than one financial year	**1,970**	1,952
Later than one financial year but not later than five financial years	**2,478**	3,604
	4,448	5,556

40. FINANCIAL GUARANTEES

As at 30 September 2021, the Company has issued corporate guarantees amounting to $231,129,000 (2020: $233,104,000) to banks for banking facilities of certain subsidiaries and associate.

The maximum amount of the Company could be forced to settle under the guarantees obligation if the full guaranteed amount is claimed by the counterparties to the guarantees, is $231,129,000 (2020: $233,104,000). The earliest period that the guarantees could be called is within 1 year from reporting date. As at 30 September 2021, the Group and the Company have accounted for a corporate guarantee liability of $1,616,000 (2020: $2,922,000) (Note 25).

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment of its banking facilities are remote. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

40. FINANCIAL GUARANTEES (CONTINUED)

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

41. SEGMENT INFORMATION

For management reporting purposes, the Group is organised into four main operating divisions as follows:

- The construction segment is in the business of general building contractors.
- The property development segment is in the business of developing properties with other partners. The Group has investments in associates or joint ventures and available-for-sale financial assets which are special purpose entities set up for the purpose of property development. The returns from this segment is included in the "Share of results from associates or joint ventures".
- The investment property segment is in the business of leasing office and retail shops in two commercial buildings acquired in Osaka Japan.
- Investment holding segment is related to Group-level corporate services and investments in quoted and unquoted equity shares.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations.

Inter-segment pricing, if any, is determined on an arm's length basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

In presenting geographical information, segment revenue is based on the billing location of customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

41. SEGMENT INFORMATION (CONTINUED)

	Buildings and construction $'000	Property development $'000	Investment property $'000	Investment holding $'000	Elimination $'000	Total $'000
Group						
2021						
Revenue						
External revenue	75,411	–	1,541	–	–	76,952
Inter-segment sales	–	216	–	–	(216)	–
	75,411	216	1,541	–	(216)	76,952
Loss from operations						
Share of results from joint ventures, net of tax	–	(2,835)	–	–	–	(2,835)
Share of results from associates, net of tax	–	(5,853)	–	–	–	(5,853)
Interest income	3,860	–	–	228	–	4,088
Interest expenses	(853)	–	(117)	(6,056)	–	(7,026)
Depreciation and amortisation	(4,672)	–	(627)	(49)	–	(5,348)
Income tax expense	(2,565)	–	–	(8)	–	(2,573)
Reportable segment profit/(loss) before income tax	(16,872)	3,351	(598)	(3,488)	–	(17,607)
Net profit/(loss) for the financial year after tax	(19,437)	3,351	(598)	(3,496)	–	(20,180)
Other information:						
Additions to non-current assets	1,299	–	31	–	–	1,330
Investments in joint ventures	–	32,275	–	–	–	32,275
Investments in associates	–	31,021	–	–	–	31,021
Segment assets	179,586	88,167	25,102	11,640	–	304,495
Segment liabilities	85,350	33	11,172	50,340	–	146,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

41. SEGMENT INFORMATION (CONTINUED)

	Buildings and construction $'000	Property development $'000	Investment property $'000	Investment holding $'000	Elimination $'000	Total $'000
Group						
2020						
Revenue						
External revenue	81,191	–	1,751	–	–	82,942
Inter-segment sales	–	191	–	–	(191)	–
	81,191	191	1,751	–	(191)	82,942
Loss from operations						
Share of results from joint ventures, net of tax	–	6,880	–	–	–	6,880
Share of results from associates, net of tax	–	(21,954)	–	–	–	(21,954)
Interest income	5,367	–	–	323	–	5,690
Interest expenses	(954)	–	(129)	(5,280)	–	(6,363)
Depreciation and amortisation	(4,796)	–	(640)	(50)	–	(5,486)
Income tax expense	(5,424)	–	–	(4)	–	(5,428)
Reportable segment profit/(loss) before income tax	11,429	(13,519)	488	(11,800)	–	(13,402)
Net profit/(loss) for the financial year after tax	6,005	(13,519)	488	(11,804)	–	(18,830)
Other information:						
Addition to non-current assets	2,834	–	23	–	–	2,857
Investments in joint ventures	–	31,656	–	–	–	31,656
Investments in associates	–	30,204	–	–	–	30,204
Segment assets	191,194	149,916	27,230	25,234	–	393,574
Segment liabilities	91,118	33	10,499	102,844	–	204,494

Geographical segment information:

	Group	
	2021 $'000	2020 $'000
Revenue		
Singapore	**74,337**	77,145
Maldives	**1,074**	4,046
Japan	**1,541**	1,751
Total revenue	**76,952**	82,942

The revenue information above is based on the location of the customers.

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FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

41. SEGMENT INFORMATION (CONTINUED)

	Group	
	2021	2020
	$'000	$'000
Non-current assets		
Singapore	**90,251**	94,624
Maldives	**349**	351
Japan	**21,382**	23,365
Total non-current assets	**111,982**	118,340

Non-current assets consist of property, plant and equipment, intangible assets, investment properties, investments in associates and investments in joint ventures.

Major customers

During the financial year, the Group's revenue attributable to 3 (2020: 2) customers represent approximately 82% (2020: 73%) of total revenue. Revenue from certain customers (named alphabetically A to C of the Group's construction segment amount to approximately $62,920,000 (2020: $60,792,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the financial year are as follows:

	2021		2020	
	$'000	**%**	$'000	%
Customer A	**28,792**	**37**	44,390	54
Customer B	**18,885**	**25**	16,402	19
Customer C	**15,243**	**20**	–	–
	62,920	**82**	60,792	73

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to credit risk, market risk (including equity price risk, interest rate risk and foreign exchange risk) and liquidity risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk.

42.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's major classes of financial assets are trade and other receivables, contract assets, finance lease receivables and cash and bank balances. The Group has adopted a policy of only bidding for contracts from developers with good financial standings. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	2021	2020
	$'000	$'000
Committed corporate guarantees provided to banks for subsidiaries' and associate's banking facilities as at the end of reporting period	**229,513**	230,182

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

a) At the end of the reporting period, the Group has outstanding trade receivables from 3 (2020: 3) customers which represent 50% (2020: 70%) of total trade receivables balance.

b) At the end of the reporting period, the retention sum from 3 (2020: 2) customers represent 97% (2020: 91%) of total retention sum receivables.

The Group defines counterparties as having similar characteristics if they are related entities. Ongoing evaluation is performed on the financial condition of accounts receivable.

For the current and previous financial year, the Company has significant credit exposure arising from a subsidiary trade receivable which represents the entire total trade receivable as at the end of each reporting period.

Trade receivables and contract assets

Expected credit loss model is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the model to adjust historical credit loss experience with industry future outlook. At each reporting period, historical default rates are updated and change in the industry future outlook is reassessed. The Group and the Company also evaluate expected credit loss on credit-impaired receivables separately at each reporting period.

The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management view is representative of the customers' credit situation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the exposure to credit loss for trade receivables as at the end of reporting period:

	Group		
	Gross carrying amount $'000	**Loss allowance $'000**	**Carrying amount $'000**
2021			
Trade receivables			
Not past due	**5,923**	**–**	**5,923**
Past due but not impaired			
– less than 1 month	**8**	**–**	**8**
– 1 to 3 months	**69**	**–**	**69**
– 3 to 6 months	**2**	**–**	**2**
– over 6 months	**5,327**	**(1,057)**	**4,270**
Contract assets			
Not past due	**36,181**	**(738)**	**35,443**
	47,510	**(1,795)**	**45,715**
2020			
Trade receivables			
Not past due	2,716	–	2,716
Past due but not impaired			
– less than 1 month	1,133	–	1,133
– 1 to 3 months	9	–	9
– 3 to 6 months	134	(18)	116
– over 6 months	5,370	(672)	4,698
Contract assets			
Not past due	17,036	(35)	17,001
	26,398	(725)	25,673

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

Trade receivables and contract assets (Continued)

	Company		
	Gross carrying amount $'000	Loss allowance $'000	Carrying amount $'000
2021			
Trade receivables			
Past due but not impaired			
– over 6 months	–	–	–
2020			
Trade receivables			
Past due but not impaired			
– over 6 months	12,396	–	12,396

A loss allowance of $1,795,000 (2020: $725,000) related to trade receivables and contract assets was recognised for trade receivables and contract assets due from private agencies.

Management believes that no impairment allowance is necessary for the remaining trade receivables and contract assets as these are well known institutions and government agencies, with good collection track record and no recent history of default, hence the expected credit loss is not material.

Retention sum

The Group has assessed expected credit loss allowance for remaining retention sum based on 12-month expected credit loss model.

The Group's impaired retention sum as at 30 September 2021 amounted to $1,158,000 (2020: $769,000). The impaired retention sum related to customers who had indicated that they were not likely to repay the outstanding balances due to economic circumstances or who have defaulted in payment terms. Management is of the view that loss allowance on remaining retention sum is insignificant.

Non-trade amounts due from third parties

The Group has assessed expected credit loss for non-trade amounts due from third parties based on 12-month expected credit loss model. The expected credit loss of these receivables has remained unchanged at $1,447,000 (2020: $$1,447,000).

Non-trade amounts due from joint ventures

In determining the recoverability of receivable from the joint ventures, the Group considers the financial strength and financial performance of the joint ventures. Expected credit loss of $1,254,000 (2020: $Nil) has been recognised during the current financial year.

Non-trade amounts due from associates

For non-trade amounts due from associates, the Group and the Company have taken into account the financial strength and financial performance of the associates. The Group and the Company monitor and assess at each reporting date for any indicator of significant increase in credit risk on the amounts due from associates, by considering their financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

Non-trade amounts due from associates (Continued)

At the end of the reporting period, the Group and the Company have assessed the associates' financial performance to meet the contractual cash flow obligations and have recognised expected credit loss allowance of $Nil and $Nil (2020: $2,990,000 and $Nil) for long-term interests classified under investments in associates respectively (Note 9) and $1,665,000 and $1,248,000 (2020: $3,458,000 and $3,014,000) for non-trade amounts due from associates (Note 14).

Non-trade amounts due from subsidiaries

For non-trade amounts due from subsidiaries and the amounts due from subsidiaries which formed part of the Company's net investment in subsidiaries, the Board of Directors has taken into account information that available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date of any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their financial performance and results. At the end of the reporting period, the Company has assessed its subsidiaries financial performance to meet the contractual cash flow obligations and has recognised expected credit loss allowance of $3,579,000 (2020: $138,000) for non-trade amounts due from subsidiaries (Note 14).

Cash and bank balances

The cash and bank balances are held with bank and financial institution counterparties, which are rated A3 to Aa1 for long-term deposit and P2 to P1 for short term deposit, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and bank balances has been measured on the 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any material credit losses from non-performance by the counterparties.

42.2 Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates that will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Equity prices

The Group is exposed to equity price risks arising from equity investments classified as financial assets at FVOCI. Equity investments carried at FVOCI are held for strategic reasons rather than trading purpose. The Group does not actively trade equity investments.

Further details of these equity investments can be found in Note 12 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of quoted equity investments carried at FVOCI, if the prices for equity securities listed on the Catalist Board of the Singapore Exchange Securities Trading Limited had been 34% (2020: 29%) higher or lower with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

– The Group's net profit for the financial years ended 30 September 2021 and 30 September 2020 would have been unaffected as the equity investments are classified as financial assets at FVOCI and no investments were disposed of or impaired; and

– The Group's fair value reserves would increase or decrease by $735,000 (2020: $834,000).

The equity price sensitivity analysis for unquoted equity investments carried at FVOCI is disclosed in Note 42.5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.2 Market risk (Continued)

(ii) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Ringgit Malaysia and Maldives rufiyaa.

It is not the Group's policy to take speculative positions in foreign currency.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the Group are as follows:

	Assets		Liabilities	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
United States dollar	**18,121**	17,418	**–**	–
Ringgit Malaysia	**780**	786	**–**	–
Maldives rufiyaa	**493**	525	**–**	–

The Group has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

The Company is not exposed to any foreign exchange risk.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2020: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact to the Group's profit or loss.

If the relevant foreign currency strengthen or weakens by 5% against the functional currency of each group entity, profit or loss will increase/(decrease) by:

	Profit or loss	
	2021 $'000	2020 $'000
Group		
United States dollar		
Strengthens against functional currencies*	**906**	871
Weakens against functional currencies*	**(906)**	(871)
Ringgit Malaysia		
Strengthens against functional currencies#	**39**	39
Weakens against functional currencies#	**(39)**	(39)
Maldives rufiyaa		
Strengthens against functional currencies	**25**	26
Weakens against functional currencies	**(25)**	(26)

* Primary Singapore dollar and Japanese yen

\# Primary Singapore dollar

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.2 Market risk (Continued)

(iii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to variable rate bank borrowings with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The exposure of the Group's borrowings to interest rate changes and contractual repricing dates as at the end of the reporting period are as follows:

	Weighted average effective interest rate		Group	
	2021	2020	**2021**	2020
	%	%	**$'000**	$'000
Within 6 months	**1.97**	1.96	**14,979**	18,812
After 6 months but within 12 months	**1.83**	1.59	**11,346**	912
After one year but within five financial years	**2.03**	2.09	**13,622**	13,228
After five financial years	**2.5**	5.92	**4,801**	4,294
Total			**44,748**	37,246

The Company is not exposed to significant interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the financial year ended 30 September 2021 would decrease/increase by $270,000 (2020: decrease/increase by $237,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company's profit or loss and equity are not significantly affected by the changes in interest rates as the Company has no significant variable interest bearing financial instruments.

42.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all repayment needs are met. As part of overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.3 Liquidity risk (Continued)

The following tables detail the Group's and the Company's remaining contractual maturity for financial instruments. The tables has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay. The tables includes both interest and principal cash flows.

Contractual maturity analysis

	Within one financial year $'000	After one financial year but within five financial $'000	After five years financial years $'000	Total $'000
Group				
30 September 2021				
Financial liabilities				
Trade and other payables (excluding goods and services tax payable, deferred revenue and deferred government grant income)	**28,252**	**–**	**–**	**28,252**
Bank borrowings	**35,626**	**9,861**	**270**	**45,757**
Lease liabilities	**1,087**	**2,601**	**3,783**	**7,471**
Medium term notes	**53,683**	**–**	**–**	**53,683**
30 September 2020				
Financial liabilities				
Trade and other payables (excluding goods and services tax payable, deferred revenue and deferred government grant income)	45,803	–	–	45,803
Bank borrowings	27,102	10,331	350	37,783
Lease liabilities	1,203	3,172	4,187	8,562
Medium term notes	57,074	53,683	–	110,757

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
30 September 2021				
Financial liabilities				
Trade and other payables	**2,303**	**–**	**–**	**2,303**
Lease liabilities	**25**	**61**	**–**	**86**
Medium term notes	**53,683**	**–**	**–**	**53,683**
Financial guarantee contracts	**229,513**	**–**	**–**	**229,513**
30 September 2020				
Financial liabilities				
Trade and other payables	3,791	–	–	3,791
Lease liabilities	25	85	–	110
Medium term notes	57,074	53,683	–	110,757
Financial guarantee contracts	230,182	–	–	230,182

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintains an optimal capital structure so as to maximise shareholder's value. Except as disclosed in Note 4 to the financial statements, the Group and the Company are subject to and complied with externally imposed capital requirements which are financial covenants for the financial years ended 30 September 2021 and 30 September 2020, as disclosed in Note 28 to the financial statements.

The Group and the Company constantly review the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's and the Company's overall strategy remain unchanged during the financial years ended 30 September 2021 and 30 September 2020.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total capital. The Group and the Company include within net debt, trade and other payables, bank borrowings, medium term notes and lease liabilities less cash, bank balances and fixed deposits which are not pledged. Total equity consists of total share capital, other reserves plus retained earnings. Total capital consists of net debt plus total equity.

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade and other payables	**28,327**	46,846	**2,303**	3,791
Bank borrowings	**44,749**	37,246	**–**	–
Lease liabilities	**6,315**	7,204	**79**	99
Medium term notes	**47,955**	98,952	**47,955**	98,952
Less: Cash, bank balances and fixed deposits which are not pledged	**(21,813)**	(40,000)	**(2,875)**	(14,651)
Net debt	**105,533**	150,248	**47,462**	88,191
Total equity	**158,665**	187,465	**13,234**	22,696
Total capital	**264,198**	337,713	**60,696**	110,887
Gearing ratio (%)	**40.0**	44.5	**78.2**	79.5

42.5 Fair value

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 September 2021				
Financial assets				
Financial assets, at FVTOCI				
– Quoted equity shares	**2,145**	**–**	**–**	**2,145**
– Unquoted equity shares	**–**	**–**	**28,727**	**28,727**
Financial assets, at FVTPL	**–**	**–**	**19,806**	**19,806**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.5 Fair value (Continued)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 September 2020				
Financial assets				
Financial assets, at FVTOCI				
– Quoted equity shares	2,895	–	–	2,895
– Unquoted equity shares	–	–	39,276	39,276
Financial assets, at FVTPL	–	–	23,392	23,392
Company				
30 September 2021				
Financial assets				
Financial assets, at FVOCI				
– Quoted equity shares	**2,145**	**–**	**–**	**2,145**
30 September 2020				
Financial assets				
Financial assets, at FVOCI				
– Quoted equity shares	2,895	–	–	2,895

There were no transfers between levels of the fair value hierarchy during the financial year.

Financial assets at FVOCI

Investment 1

Unquoted equity shares amounting to $Nil (2020: $205,000) have been valued as cost approach based on the nature and the carrying amount of the assets and liabilities of the investee. The investee's net assets comprise mainly bank balances and other payables where the carrying values approximates their fair values and this valuation is at level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.5 Fair value (Continued)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets at FVOCI (Continued)

Investment 2

Description	Fair value as at 30 September 2021 $'000	Fair value as at 30 September 2020 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unquoted equity shares	**28,727**	39,071	Level 3	Cost approach – the valuation model is based on the nature and the carrying amount of the assets and liabilities of the investee.	The fair values of investment properties with reference to the valuation report performed by independent professional valuer that are not developed by the Group.	An increase in the carrying amount of the investment properties would result in an increase in the fair value.

Financial assets at FVTPL

Description	Fair value as at 30 September 2021 $'000	Fair value as at 30 September 2020 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs			Relationship of unobservable inputs to fair value
						2021	2020	
Loans to third party	**19,806**	23,392	Level 3	The fair value of loans to third party is determined based on discounted cash flow method, taking into consideration the estimated duration required for the investee to repay and discount rate.	Discount rates	**9.4%**	8.4%	An increase in discount rates used would result in a decrease in the fair value.
					Estimated duration	**6 years**	6 years	An increase in the estimated duration expected for the investee to repay the loans would result in a decrease in the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

42. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

42.5 Fair value (Continued)

Fair value of the financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's and Company's current financial assets and current financial liabilities approximate their fair values as at the end of the reporting periods due to the relatively short period of maturity of these financial instruments. The management considers that the fair values of Group's and Company's non-current financial assets and financial liabilities were not materially different from their carrying amounts at the end of the reporting years except as disclosed in Notes 14 and 28 to the financial statements.

42.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at FVOCI	**30,872**	42,171	**2,145**	2,895
Financial assets at FVTPL	**19,806**	23,392	**–**	–
Financial assets at amortised cost	**102,067**	188,345	**25,035**	83,088
Financial liabilities				
Financial liabilities, at amortised cost	**127,271**	189,205	**50,337**	102,842

43. IMPACT OF COVID-19 OUTBREAK ON THE GROUP'S OPERATIONS

While 2021 has undoubtedly been a year of recovery from the abysmal economic and business environment of 2020 brought about by the COVID-19 pandemic, the operating conditions remained very challenging.

The continuing measures to control the spread of the COVID-19 virus such as restrictions on international travel especially inbound travellers from high-risk countries, intermittent stop-work orders on the occurrence of COVID-19 cases, and safe distancing and mandatory regular testing, have led to disruption in work, with the resultant project completion delays and increased operational costs. Furthermore, rising raw materials prices such as copper, steel, aluminium and oil due to pent-up demand consequent to the global economic recovery, coupled with supply restrictions have further added cost pressures to business.

The Group's significant operations are in Singapore and with investments in Maldives and Japan. As at the end of financial year, Singapore, Maldives and Japan have implemented various approaches to resume economic activities safely in the respective countries. Singapore is making steady economic recovery from the previous year's economic recession brought about by the COVID-19 pandemic whereas Maldives has reopened its borders since July 2020 and has rebounded well from the pandemic.

The Group has been adopting precautionary and control measures to mitigate the impact of the COVID-19 pandemic to the Group's operations, including but not limited to various safety measures such as swab test for construction workers, temperature screening, safe distancing measures and work segregation implemented at offices, hotels and various construction sites.

In measuring its assets and liabilities as at the end of reporting period, management has considered the market conditions, including the impact of COVID-19, as at that date and assessed the recoverable amounts of its investments in Singapore, Maldives and Japan. Further details on the recoverable amounts of such investments are set out in above notes to the financial statements.

As the COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group remains cautiously optimistic that progress with the global recovery from the pandemic will lead to improved business conditions.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2022

Issued and Fully Paid-Up Capital (including Treasury Shares):	S$25,817,265
Issued and Fully Paid-Up Capital (excluding Treasury Shares):	S$22,514,415
Number of Issued Shares (excluding Treasury Shares):	235,010,000
Number/Percentage of Treasury Shares:	7,555,000 (3.21%)
Class Of Shares:	Ordinary shares
Voting Rights (excluding Treasury Shares):	One Vote Per Share
No. of Subsidiary Holdings:	Nil (0%)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.16	98	0.00
100 – 1,000	48	7.65	28,700	0.01
1,001 – 10,000	220	35.09	1,418,600	0.61
10,001 – 1,000,000	340	54.23	43,125,802	18.35
1,000,001 AND ABOVE	18	2.87	190,436,800	81.03
TOTAL	627	100.00	235,010,000	100.00

Based on the information available to the Company, as at 15 February 2022, approximately 31.88% of the issued ordinary shares of the Company is held by the public. Hence, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS AS AT 15 FEBRUARY 2022	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	113,883,320	48.46
TEOU KEM ENG @TEOU KIM ENG	19,402,000	8.26
IFAST FINANCIAL PTE LTD	12,461,800	5.30
DBS NOMINEES PTE LTD	11,649,900	4.96
LEO TING PING RONALD	5,231,180	2.23
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	5,000,000	2.13
LIM SIAK MENG	3,916,500	1.67
LIM EWE GHEE	3,748,500	1.59
UOB KAY HIAN PTE LTD	2,245,100	0.95
OCBC SECURITIES PRIVATE LTD	2,212,600	0.94
TEOU CHOON GEE	1,746,500	0.74
LEO SHU YAN, NICOLE (LIANG SHUYAN)	1,700,000	0.72
TEO AH BAN	1,465,200	0.62
RAFFLES NOMINEES (PTE) LIMITED	1,325,600	0.56
TAN TEE MENG	1,282,500	0.55
CHUA KHOON SENG	1,080,000	0.46
ESTATE OF FOO CHEK HENG, DECEASED	1,045,100	0.44
KUIK CHIM MUI	1,041,000	0.44
PANG CHEOW JOW	1,000,000	0.43
TEOU CHUN TONG JASON	1,000,000	0.43
	192,436,800	81.88

ANALYSIS OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2022

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 15 FEBRUARY 2022 AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD AS DIRECT	%	NO. OF SHARES HELD AS DEEMED	%
LEO TING PING RONALD[1]	5,231,180	2.23	22,500,000	9.57
TEOU KEM ENG @TEOU KIM ENG	19,402,000	8.26	–	–
LJHB CAPITAL (S) PTE. LTD.[2]	–	–	107,580,420	45.78
FOREVERTRUST INTERNATIONAL (S) PTE. LTD.[3]	–	–	107,580,420	45.78
LJHB HOLDINGS (S) PTE. LTD.[4]	–	–	107,580,420	45.78
LIU HAIYAN[5]	–	–	107,580,420	45.78

Notes:

1 Mr Leo Ting Ping Ronald is deemed interested in 5,000,000 shares held in the name of BNP Paribas Nominees Singapore Pte Ltd, 7,500,000 shares held in the name of DBS Nominees Pte Ltd and 10,000,000 shares held in the name of Citibank Nominees Singapore Pte Ltd.

2 LJHB Capital (S) Pte. Ltd, ("**LJHB Capital**") is deemed interested in 102,359,020 shares held in the name of Citibank Nominees Singapore Pte. Ltd. and 5,221,400 shares held in the name of iFast Financial Pte Ltd.

3 Forevertrust International (S) Pte. Ltd. ("**Forevertrust**") is the holding company of LJHB Capital and is therefore deemed to have interest in the shares held through LJHB Capital.

4 LJHB Holdings (S) Pte. Ltd. ("**LJHB Holdings**") is the holding company of Forevertrust and is therefore deemed to have interest in the shares held through LJHB Capital, its indirect wholly-owned subsidiary.

5 Liu Haiyan is the sole shareholder of LJHB Holdings.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting ("**AGM**") of Keong Hong Holdings Limited (the "**Company**") will be held by way of electronic means on Friday, 25 March 2022 at 10.30 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2021 and the Auditor's Report thereon. **Resolution 1**

2. To approve the proposed Directors' Fees of S$193,205 for the financial year ended 30 September 2021. (2020: S$173,990) **Resolution 2**

3. To approve the proposed Director's Fees of S$12,500 for the period 1 October 2021 to 31 December 2021. *[See Explanatory Note (a)]* **Resolution 3**

4. To re-elect the following Directors who are retiring by rotation pursuant to Article 117 of the Company's Constitution:–

   (i) Mr Er Ang Hooa *[See Explanatory Note (b)]* **Resolution 4**
   (ii) Mr Chong Wai Siak *[See Explanatory Note (c)]* **Resolution 5**

5. To re-elect the following Directors who are retiring pursuant to Article 122 of the Company's Constitution:–

   (i) Mr Xu Quanqiang *[See Explanatory Note (b)]* **Resolution 6**
   (ii) Mr Koh Tee Huck Kenneth *[See Explanatory Note (d)]* **Resolution 7**
   (iii) Mr Fong Heng Boo *[See Explanatory Note (e)]* **Resolution 8**

6. To re-appoint BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:

7. **General authority to allot and issue new shares in the capital of the Company** **Resolution 10**

   "That pursuant to Section 161 of the Companies Act 1967 (Singapore) (the "**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing Manual**"), the Directors of the Company be authorised and empowered to:

   (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit pursuant to Section 161 of the Act and Rule 806 of the Listing Manual; and

   (c) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of such issuance of Shares,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

    (i) new Shares arising from the conversion or exercise of any convertible securities;

    (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Mainboard Rules; and

    (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (f)]

By Order of the Board

Lo Swee Oi and Lim Guek Hong
Joint Company Secretaries

3 March 2022
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) The Director's Fees of S$12,500, if approved, will be paid to Mr Lim Jun Xiong Steven (who had stepped down as a Non-Executive Independent Director on 31 December 2021) for the period 1 October 2021 to 31 December 2021.

(b) Detailed Information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Er Ang Hooa and Mr Xu Quanqiang can be found on pages 154 to 163 of the Annual Report.

(c) Mr Chong Wai Siak, if re-elected, will continue to serve as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Chong Wai Siak is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Chong Wai Siak can be found on pages 154 to 163 of the Annual Report.

(d) Mr Koh Tee Huck Kenneth, if re-elected, will continue to serve as a member of the Audit, Nominating and Remuneration Committees. Mr Koh Tee Huck Kenneth is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Koh Tee Huck Kenneth can be found on pages 154 to 163 of the Annual Report.

(e) Mr Fong Heng Boo, if re-elected, will continue to serve as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Fong Heng Boo is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Fong Heng Boo can be found on pages 154 to 163 of the Annual Report.

(f) The Ordinary Resolution 10 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting whichever is the earlier, to allot and issue Shares and/or the convertible securities. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution, shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares and/or convertible securities other than on a pro-rata basis to all existing shareholders of the Company shall not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares and subsidiary holdings).

Notes:

1. The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders (Amended No. 2) Order 2020. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX RegCo**") have updated a checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations (the "**Checklist**"). On 4 February 2022, the SGX RegCo has announced that the Regulator's Column issued on 16 December 2021 in relation to the expectation of SGX RegCo for the conduct of general meetings be formed part of the Checklist.

2. Documents relating to the business of the AGM, which comprise the Company's 2021 Annual Report, Notice of AGM and Proxy Form have been published on SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.keonghong.com/newsroom. Printed copies of these documents will NOT be despatched to the shareholders. For shareholders who may prefer to receive a printed copy of these documents, please submit your request via the link at https://globalmeeting.bigbangdesign.co/keonghong/.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 3 March 2022. This announcement may be accessed at the Company's corporate website at https://www.keonghong.com/newsroom, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

   In particular, a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the link at https://globalmeeting.bigbangdesign.co/keonghong/by no later than 10.30 a.m. on Tuesday, 22 March 2022. Following the verification, authenticated members will receive an email by 10.30 a.m., Thursday, 24 March 2022 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "**Confirmation Email**"). Members, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 10.30 a.m. on Thursday, 24 March 2022 should contact the Company's webcast provider, Big Bang Design at webcast@bigbangdesign.co.

NOTICE OF ANNUAL GENERAL MEETING

Members will not be able to ask questions "live" during the broadcast of the AGM. All members may submit questions related to the resolutions to be tabled for approval at the AGM by email to ir@keonghong.com, or via the pre-registration microsite at https://globalmeeting.bigbangdesign.co/keonghong/, or in hard copy by post to the registered office of the Company at 9, Sungei Kadut Street 2, Singapore 729230, by no later than 10.30 a.m. on Tuesday, 15 March 2022.

4. **As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the AGM, a member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** Printed copies of the proxy form will NOT be sent to members. The proxy form for the AGM may be accessed at the Company's corporate website at https://www.keonghong.com/newsroom, and is also available on the SGX website at https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by **10.30 a.m. on Tuesday, 15 March 2022** to submit their votes.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com; or

   (b) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896,

   in either case, by 10.30 a.m. on Tuesday, 22 March 2022, being 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

   In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Er Ang Hooa, Mr Chong Wai Siak, Mr Xu Quanqiang, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo are the Directors seeking re-election at the annual general meeting of the Company on 25 March 2022 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is set out below:

Name of Director	**Er Ang Hooa**	**Chong Wai Siak**
Date of appointment	26 September 2011	1 October 2019
Date of last re-appointment (if applicable)	21 January 2020	21 January 2020
Age	69	74
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Er Ang Hooa ("**Mr Er**") for re-election as the Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Er continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, in-depth knowledge and over 40 years of experience in the building and construction industry of Mr Chong Wai Siak ("**Mr Chong**") for re-election as an Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Chong will be able to contribute beneficially towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	The appointment is executive Director. Mr Er has been the project director of the wholly-owned subsidiary, Keong Hong Construction Pte Ltd since June 2010. He is responsible for all operational activities relation to construction projects undertaken by the Group.	The appointment is Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Executive Director since 26 September 2011.	Independent Director, Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee
Academic/Professional qualifications	Mr Er graduated from University of Dundee, United Kingdom with a Bachelor of Science degree in Civil Engineering. He also graduated from Imperial College, London with a Master of Science degree in Structural Steel Design and obtained a graduate diploma in management and administration from Bradford University, United Kingdom.	Mr Chong holds a Bachelor of Science (Honours) degree in Civil Engineering and a Master of Science degree in Structural Engineering, both from the University of Manchester, Institute of Science and Technology, United Kingdom. He is a Chartered Engineer (United Kingdom) and a registered Professional Engineer in Singapore and Malaysia.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Xu Quanqiang	Koh Tee Huck Kenneth	Fong Heng Boo
29 March 2021	30 September 2021	1 January 2022
NA	NA	NA
43	63	72
Singapore	Singapore	Singapore
The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, work experience and knowledge of Mr Xu Quanqiang ("**Mr Xu**") for re-election as a Non-Executive and Non-Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Xu will be able to contribute beneficially towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, work experience (in particular his legal practice in advising engineering, procurement, and construction contracts) and knowledge of Mr Koh Tee Huck Kenneth ("**Mr Koh**") for re-election as an Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Koh will be able to contribute beneficially towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, work experience and knowledge of Mr Fong Heng Boo ("**Mr Fong**") for re-election as an Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Fong will be able to contribute beneficially towards the core competencies of the Board.
The appointment is Non-Executive	The appointment is Non-Executive	The appointment is Non-Executive
Non-Executive and Non-Independent Director	Independent Director and Member of the Audit Committee, Nominating Committee and Remuneration Committee.	Independent Director, Chairman of the Audit Committee and Member of the Nominating Committee and Remuneration Committee.
Mr Xu graduated with a Master of Business Administration degree from the University of South Australia in 2008.	Mr Koh graduated with a Bachelor of Laws in 1983 from the National University of Singapore and is an Advocate & Solicitor of the Supreme Court of Singapore. He holds memberships in the Singapore Academy of Law, the Law Society of Singapore, Society of Construction Law (Singapore) and the Singapore Institute of Directors. His previous appointments include being Honorary Legal Advisor to the Singapore Contractors Association Ltd.	Mr Fong graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. He was a Fellow Member of the Institute of Singapore Chartered Accountants.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Er Ang Hooa	Chong Wai Siak
Working experience and occupation(s) during the past 10 years	Mr Er has been the project director of Keong Hong Construction Pte Ltd since June 2010 and overseeing all operational activities relating to construction projects undertaken by the Group.	Before Mr Chong retired in 2014, he held various senior positions in the NSL Group which he joined in 1989. He was then responsible for the overall management of the operation and business activities of the NSL Group and its subsidiaries mainly focused in construction products and services, property development, engineering design and construction services. His works involved in establishing and managing business activities in Singapore, Malaysia, Indonesia, Hong Kong, China, Philippines, Vietnam, UAE and Finland.
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	No	No
Conflict of interest (including any competing business)	No	No
Other Principal Commitments including Directorships		
Past 5 years	Nil	Nil
Present	Director of Keong Hong Group's subsidiaries, associated companies and joint venture companies.	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Xu Quanqiang	Koh Tee Huck Kenneth	Fong Heng Boo
Mr Xu is the Chief Executive Officer of LJHB Holdings (S) Pte Ltd ("**LJHB**"), LJHB USA Inc and Forevertrust International (S) Pte Ltd. Prior to joining LJHB, Mr Xu was the CEO of Ronghua Group Pte Ltd, a provider of healthcare solutions. His previous appointments also include Regional General Manager of GIC Group Pte Ltd, Country General Manager and Sales and Marketing Director of BSI Group Singapore Pte Ltd, and Assistant Vice President (Sales) of TUV SUD PSB Pte Ltd. Mr Xu was a Director of BSI Group Singapore Pte Ltd from 2013 to 2016. He currently sits on the board of PT Forevertrust International Indonesia, Adtech (Singapore) Pte Ltd, Aitec International Pte Ltd, Innofund Pte Ltd and Innotrust Pte Ltd.	Mr Koh commenced his legal career in 1984 with Singapore's then largest law practice. Whilst actively engaged in dispute resolution, his focus on infrastructure and construction work began when he joined a London-based international law firm. His practice ranges from representing clients in court, arbitration, adjudication and mediation to advisory work in EPC contracts. After several years in a local partnership, he co-founded UniLegal LLC, and chaired its board of directors from 2002 to 2018. He currently serves as its consultant.	Mr Fong has over 46 years of experience in auditing, finance, business development and corporate governance, He was with the Auditor-General's Office ("**AGO**"), Singapore and held the position of Assistant Auditor-General when he left AGO in 1993. He was also the Director (Special Duties) at the Singapore Totalisator Board, where he led the finance and investment functions.
Mr Xu is an associate of LJHB Holdings (S) Pte Ltd, except as disclosed, he is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.	No	No
No	No	No
BSI Group Singapore Pte Ltd	1. Transit Air Cargo (S) Pte Ltd 2. IPSOS Pte Ltd. 3. UniLegal LLC 4. Pro-Activ Pte Ltd.	1. Colex Holdings Limited 2. Sapphire Corporation Limited 3. Asian American Medical Group Ltd 4. Certis CISCO Securities Pte Ltd 5. Capital Township Development Fund II Pte Ltd 6. Capital Township Development Fund Pte Ltd 7. CapitaLand China Trust Management Limited
Directorships: 1. Innotrust Pte Ltd 2. Wisestone Pte Ltd (formerly known as Innofund Pte Ltd) 3. PT Forevertrust International Indonesia 4. Keong Hong Holdings Limited 5. Advtech (Singapore) Pte. Ltd. 6. Aitec International Pte. Ltd. 7. Grandwood Holdings Pte. Ltd. 8. Grandwood (Japan) Pte. Ltd. Other Principal Commitments: 1. LJHB Holdings (S) Pte Ltd – CEO 2. LJHB USA Inc – CEO 3. Forevertrust International (S) Pte Ltd – CEO	Other Principal Commitment: Unilegal LLC – Consultant	Directorships: 1. TA Corporation Ltd 2. Livingstone Health Holdings Limited 3. Sheng Ye Capital Limited 4. Kwan Yong Holdings Limited 5. Surbana Jurong Pte Ltd 6. Singapore Health Services Pte Ltd 7. Agency for Integrated Care Pte Ltd 8. Bonvest Holdings Limited 9. UOA Development Berhad

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Er Ang Hooa	Chong Wai Siak
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Xu Quanqiang	Koh Tee Huck Kenneth	Fong Heng Boo
No	No	No
No	No	Yes Mr Fong was appointed as a Non-Executive Director of China Foodzart International Private Ltd ("**China Foodzart**") on 18 March 2011 and resigned on 25 August 2011. On September 2012, various winding up applications were commenced against China Foodzart on the ground that China Foodzart was unable to pay its debts and it was wound up on 24 September 2013.
No	No	No
No	No	No
No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Er Ang Hooa	Chong Wai Siak
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Xu Quanqiang	Koh Tee Huck Kenneth	Fong Heng Boo
No	No	No
No	No	No
No	No	No
No	No	No
No No	No No	 Yes Mr Fong was an employee (General Manager, Corporate Affairs) of Amcol Holdings Ltd between January 1995 and May 1996. He was a prosecution witness in March 1998 in a court case involving 3 directors of Amcol Holdings Ltd and 3 directors were charged for failure to act honestly in their discharge of duties as Directors under Section 157(1) and 157(3) of the Companies Act 1967.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Er Ang Hooa	Chong Wai Siak
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Mr Er Ang Hooa, Mr Chong Wai Siak, Mr Xu Quanqiang, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo have each provided an undertaking set out in Appendix 7.7 under Rule 720(1) of SGX-ST.

The shareholding interest in the Company and its subsidiaries of each of these Directors are disclosed in the Directors' Statement on pages 48 to 50 of the Annual Report.

The disclosure on prior experience as a director of an issuer listed on the Exchange and details of prior experience is not applicable as this disclosure is only applicable to the appointment of a new director.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Xu Quanqiang	Koh Tee Huck Kenneth	Fong Heng Boo
No	No	No
No	No	No
No	No	No
No	No	No

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PROXY FORM
ANNUAL GENERAL MEETING
KEONG HONG HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Reg No: 200807303W

Important

1 The Annual General Meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX-RegCo**") have updated a checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations (the "**Checklist**"). On 4 February 2022, the SGX RegCo has announced that the Regulator's Column issued on 16 December 2021 in relation to the expectation of SGX RegCo for the conduct of general meetings be formed part of the Checklist.

2 Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 3 March 2022. The announcement may be accessed at the Company's website at https://www.keonghong.com/newsroom and on the SGX website at https://www.sgx.com/securities/company-announcements.

3 As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the AGM, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

4 For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

5 CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators and submit their votes by 10.30 a.m. on 15 March 2022.

6 By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 March 2022.

7 Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

I/We ____________________ (Name) ____________ (NRIC/Passport/Company Registration No.) of ____________________ (Address) being a member/members of KEONG HONG HOLDINGS LIMITED hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth AGM of the Company to be held by way of electronic means on **Friday, 25 March 2022 at 10.30 a.m.** and at any adjournment thereon in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
1.	To adopt the Directors' Statements, Auditor's Report and Audited Financial Statements for financial year ended 30 September 2021			
2.	To approve Directors' Fees of S$193,205 for the financial year ended 30 September 2021 (2020: S$173,990)			
3.	To approve Director's Fee of S$12,500 for the period 1 October 2021 to 31 December 2021			
4.	To re-elect Mr Er Ang Hooa as a Director of the Company			
5.	To re-elect Mr Chong Wai Siak as a Director of the Company			
6.	To re-elect Mr Xu Quanqiang as a Director of the Company			
7.	To re-elect Mr Koh Tee Huck Kenneth as a Director of the Company			
8.	To re-elect Mr Fong Heng Boo as a Director of the Company			
9.	To re-appoint BDO LLP as Auditor of the Company and to authorize Directors to fix their remuneration			
	Special Business			
10.	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 of Singapore			

(*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish the Chairman of the Meeting as your proxy to "Abstain" from voting on a resolution, please indicate "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

Dated this ________ day of ______________ 2022

Total No. of Shares Held	

____
Signature(s) of Member(s) or Common Seal

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.

2 **As the Company does not allow real-time remote electronic voting through an electronic voting to take place at the AGM, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.30 a.m. on 15 March 2022.

3 The Chairman of the Meeting, as proxy, need not be a member of the Company.

4 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(i) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com; or

(ii) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited of 77 Robinson Road #06-03 Robinson 77, Singapore 068896.

in either case, by 10.30 a.m. on 22 March 2022, being at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 restriction orders in Singapore, which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5 The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

6 Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7 The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

8 Members should take note that once this proxy form is submitted electronically via email to the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.

KEONG HONG HOLDINGS LIMITED
强楓控股有限公司

(Incorporated in the Republic of Singapore on 15 April 2008)
(Company Registration No.: 200807303W)

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www.keonghong.com

SOCOTEC

ISO 9001
ISO 14001
ISO 45001

SAC Accredited Certification Body
QS-1999-05
ES-2018-07
OSH-2008-01