KEONG HONG HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(UEN: 200807303W)

QUALIFIED OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**") of Keong Hong Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that its independent auditor, Forvis Mazars LLP ("**Auditors**"), has included a qualified opinion ("**Qualified Opinion**") in their Independent Auditors' Report dated 7 March 2025 (the "**Independent Auditors' Report**") in relation to the audited financial statements of the Group for the financial year ended 30 September 2024 (the "**FY2024 Financial Statements**").

A copy of the Independent Auditors' Report is attached to this announcement for reference.

An extract of the basis for Qualified Opinion in the Independent Auditor's Report is set out below:

Basis for Qualified Opinion

During the financial year ended 30 September 2024, the management restated the classification of the Group's investment in Katong Holdings Pte Ltd ("KHPL"), including the loans extended to KHPL, as an investment in associate when the investment was previously recorded at fair value through other comprehensive income while the corresponding loans was recorded at fair value through profit or loss. The Group recorded share of losses from the investment in KHPL of $1,317,000 and $2,299,000 in the statement of profit or loss and other comprehensive income for the financial years ended 30 September 2023 and 2024 respectively, and carrying amounts of the equity-accounted for investment in KHPL of $37,733,000 and $36,416,000 in the statement of financial position as of 1 October 2022, 30 September 2023 respectively. As of 30 September 2024, with reference to SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations, the investment in KHPL was presented as non-current asset for sale in the statement of financial position, with carrying amount of $34,117,000.

During the course of our audit, we were unable to obtain sufficient appropriate audit evidence, including meeting minutes and resolutions as well as KHPL's financial information for the affected financial years, to support the management's restatements. We understood from management that they faced limitations in retrieving the information. In the absence of alternative procedures and necessary audit evidence, we were unable to ascertain the appropriateness of the re-classification and restatement of the carrying amounts of the Group's investment in KHPL as an associate nor the loans extended to KHPL, as well as the corresponding financial information and disclosures. We were hence also unable to assess the appropriateness of the carrying amount of KHPL presented as non-current asset held for sale as of 30 September 2024.

Should adjustments be made to the carrying amounts of the investment in the associate and/or the non-current asset held for sale and/or the share of results of the investments in the respective financial years, corresponding and consequential adjustments would need to be made to the corresponding financial line items in the affected financial years.

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 (the "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 qualified opinion.

The Board wishes to clarify that despite the Group's 20% equity interest in this associate, Katong Holdings Pte Ltd, it does not have significant influence to require Katong Holdings Pte Ltd to provide the necessary information or comply with audit requirements. Over the years, management has also been actively trying to engage Katong Holdings Pte Ltd to provide the Group with information necessary for the audit, but to no avail. As a result, in restating its prior years' financial statements to comply with the accounting standards for its investment in Katong Holdings Pte Ltd as required by ACRA, the Group continues to face resistance from Katong Holdings Pte Ltd to engage or cooperate. Hence, the Company has no choice but to exit from this investment.

As announced on 10 December 2024 and 19 February 2025, the Company is progressing with the disposal of Katong Holdings Pte Ltd. This development is expected to address the auditor's concerns going-forward.

By Order of the Board

Leo Ting Ping Ronald
Chairman and Chief Executive Officer

10 March 2025

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of Keong Hong Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements 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 financial position of the Group and of the Company as at 30 September 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

During the financial year ended 30 September 2024, the management restated the classification of the Group's investment in Katong Holdings Pte Ltd ("KHPL"), including the loans extended to KHPL, as an investment in associate when the investment was previously recorded at fair value through other comprehensive income while the corresponding loans was recorded at fair value through profit or loss. The Group recorded share of losses from the investment in KHPL of $1,317,000 and $2,299,000 in the statement of profit or loss and other comprehensive income for the financial years ended 30 September 2023 and 2024 respectively, and carrying amounts of the equity-accounted for investment in KHPL of $37,733,000 and $36,416,000 in the statement of financial position as of 1 October 2022, 30 September 2023 respectively. As of 30 September 2024, with reference to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the investment in KHPL was presented as non-current asset for sale in the statement of financial position, with carrying amount of $34,117,000.

During the course of our audit, we were unable to obtain sufficient appropriate audit evidence, including meeting minutes and resolutions as well as KHPL's financial information for the affected financial years, to support the management's restatements. We understood from management that they faced limitations in retrieving the information. In the absence of alternative procedures and necessary audit evidence, we were unable to ascertain the appropriateness of the re-classification and restatement of the carrying amounts of the Group's investment in KHPL as an associate nor the loans extended to KHPL, as well as the corresponding financial information and disclosures. We were hence also unable to assess the appropriateness of the carrying amount of KHPL presented as non-current asset held for sale as of 30 September 2024.

Should adjustments be made to the carrying amounts of the investment in the associate and/or the non-current asset held for sale and/or the share of results of the investments in the respective financial years, corresponding and consequential adjustments would need to be made to the corresponding financial line items in the affected financial years.

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 (the "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 qualified opinion.

Report on the Audit of Financial Statements (Continued)

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 year. 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. In addition to the matter described in the *Basis for Qualified Opinion* section above, we have determined the matter described below to be the key audit matters to be communicated in our report.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter 1	**Audit response**
Accounting for construction contracts (Refer to Notes 3.2, 4 and 30 to the financial statements)	
Revenue from construction contracts amounted to approximately $172,597,000 and it represented 100% of the total revenue of the Group for the financial year ended 30 September 2024. As at the financial year end, the Group provided $5,503,000 for the unavoidable costs of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contracts is expected to be utilised throughout the remaining contract period. The Group's core businesses are those of general and building contractors. Revenue from construction contracts is 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 2.4 to the financial statements. Significant judgement is required to estimate the total construction contract costs, variations or claims recognised as contract revenue, as well as provision for liquidated damages. These will affect the measure of progress and revenue and profit margins recognised from construction contracts. Accordingly, we have identified this area as a key audit matter.	We performed the following audit procedures, amongst others: • Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with a focus on key controls; • Agreed the variation orders sum to the approved variation orders by customers; • Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant); • Tested the costs incurred for projects on a sample basis by checking that the costs are properly allocated to their respective contracts and that these costs are directly attributable to costs supported by suppliers' invoices or other supporting documents; • Reviewed and assessed the estimated costs-to-complete for significant ongoing construction contracts by evaluating the reasonableness of the subcontractors' expenses, estimated labour hours, estimated labour rates, materials costs, and overhead expenses; • Evaluated the reasonableness of the management's budgets by comparing budgeted contract costs against actual contract costs for completed projects; • Obtained an understanding of the Group's consideration of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* ("SFRS(I) 1-37") in their application of the corresponding requirements of the standard and assess the appropriateness thereof; • Checked the arithmetical accuracy of the revenue recognised based on the input method computations; and • Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter 2</th><th>Audit response</th></tr>
<tr><td colspan="2">Impairment of investment in associate – Pristine Islands Investment Pte. Ltd. and its subsidiary ("PIIPL Group") (Refer to Notes 3.2, 14, 19 and 36 to the financial statements)</td></tr>
<tr><td>
As at 30 September 2024, the Group's investments in associate comprise investments in equity interests and amounts due from PIIPL Group, which are mainly in the business of hospitality operations and related business.

As at financial year end, the Group applied the general approach to measure the expected credit losses on the non-trade amounts due from PIIPL Group and determined the loss allowance based on 12-month expected credit loss ("ECL"), a loss allowance of $4,000,000 was recorded to reflect the credit risk exposure.

During the financial year, the management identified indicators of impairment in PIIPL Group and carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements. Recoverable amount was determined based on higher of value-in-use or fair value less cost of disposal.

The determination of the recoverable amount involved estimating the present value of future cash flows of PIIPL Group, the fair value of PIIPL Group's business and estimated disposal costs. Accordingly, a reversal of impairment loss amounting to $27,285,000 was recognised in 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 market value of the PIIPL Group.
</td><td>
We performed the following audit procedures, amongst others:

Evaluated management's assessment of whether the credit risk of the non-trade amount due from an associate has 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 Financial Instruments ("SFRS(I) 9") requirements;
Evaluated management's assessment of whether the investment in an associate has any indicators of impairment;
Assessed the reasonableness of key assumptions used in the valuations to derive fair value less cost of disposal, which included the range adjustments applied, the marketability discount with assistance of internal valuation specialist and obtained management representation on the accuracy and completeness of financial data;
Assessed the reasonableness of the key assumptions and estimates used in the future cash flows to derive value-in-use, including the revenue growth rates, discount rates and terminal growth rates used with the assistance of 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 investment in associate; and
Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

</td></tr>
</table>

Report on the Audit of Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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 identified above 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 on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As a result of the matter described in the *Basis for Qualified Opinion* section above, we are unable to conclude whether or not the other information is materially misstated for the same matter.

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 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.

Auditors' 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.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

- 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 financial year 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, except for the matters described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entity incorporated in Singapore of which we are auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Zhang Liang.

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants

Singapore
7 March 2025