



## **KEONG HONG HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200807303W)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022**

**These condensed interim financial statements are issued pursuant to the requirement of the Singapore Exchange Securities Trading Limited ("SGX-ST") under Rule 705(2C) of the Listing Manual of the SGX-ST in view of the material uncertainty related to going concern raised by the Company's statutory auditor in the latest audited financial statements for the financial year ended 30 September 2021.**

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KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022

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

		The Group					
		Three months ended 30 June 2022	Three months ended 30 June 2021	Change	Nine months ended 30 June 2022	Nine months ended 30 June 2021	Change
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	34,600	26,399	31.1	89,306	54,499	63.9
	Cost of sales	(41,605)	(31,864)	30.6	(103,961)	(53,364)	94.8
	<b>Gross (loss)/profit</b>	<b>(7,005)</b>	<b>(5,465)</b>	<b>28.2</b>	<b>(14,655)</b>	<b>1,135</b>	<b>n.m.</b>
	Other income	2,014	1,064	89.3	5,543	5,827	(4.9)
	Administrative expenses	(2,252)	(2,831)	(20.5)	(11,770)	(11,550)	1.9
	Finance costs	(1,118)	(1,855)	(39.7)	(3,268)	(5,384)	(39.3)
	Share of results of joint ventures, net of tax	544	(591)	n.m.	6,813	2,029	>100
	Share of results of associates, net of tax	(1,747)	(3,274)	(46.6)	(3,396)	(6,263)	(45.8)
	Loss before income tax	(9,564)	(12,952)	(26.2)	(20,733)	(14,206)	45.9
	Income tax expense/(credit)	(285)	808	n.m.	(421)	(56)	>100
	Loss for the period	<b>(9,849)</b>	<b>(12,144)</b>	<b>(18.9)</b>	<b>(21,154)</b>	<b>(14,262)</b>	<b>48.3</b>
	<b>Other comprehensive income:</b>						
	<i>Items that may be reclassified subsequently to profit or loss:</i>						
	Exchange difference on translating foreign operations	(870)	11	n.m.	(867)	554	n.m.
	<i>Items that may not be reclassified subsequently to profit or loss:</i>						
	Fair value gain/(loss) on financial assets at FVOCI	(315)	(270)	16.7	272	(825)	n.m.
	<b>Other comprehensive income for the period, net of tax</b>	<b>(1,185)</b>	<b>(259)</b>	<b>&gt;100</b>	<b>(595)</b>	<b>(271)</b>	<b>&gt;100</b>
	<b>Total comprehensive income for the period</b>	<b>(11,034)</b>	<b>(12,403)</b>	<b>(11.0)</b>	<b>(21,749)</b>	<b>(14,533)</b>	<b>49.7</b>
	<b>Loss attributable to:</b>						
	Owners of the parent	(9,571)	(11,335)	(15.6)	(20,367)	(12,774)	59.4
	Non-controlling interests	(278)	(809)	(65.6)	(787)	(1,488)	(47.1)
		<b>(9,849)</b>	<b>(12,144)</b>	<b>(18.9)</b>	<b>(21,154)</b>	<b>(14,262)</b>	<b>48.3</b>
	<b>Total comprehensive income attributable to:</b>						
	Owners of the parent	(10,756)	(11,594)	(7.2)	(20,962)	(13,045)	60.7
	Non-controlling interests	(278)	(809)	(65.6)	(787)	(1,488)	(47.1)
		<b>(11,034)</b>	<b>(12,403)</b>	<b>(11.0)</b>	<b>(21,749)</b>	<b>(14,533)</b>	<b>49.7</b>
	<b>Loss per share (cents)</b>						
	• Basic	(4.07)	(4.82)		(8.67)	(5.44)	
	• Diluted	(4.07)	(4.82)		(8.67)	(5.44)	

**KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022**

**B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	The Group		The Company	
		30	30	30	30
		June	September	June	September
		2022	2021	2022	2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	18,401	20,908	-	-
Right-of-use assets		6,577	6,353	-	74
Investment properties	12	17,516	21,382	-	-
Investments in subsidiaries		-	-	29,181	29,181
Investments in associates		28,743	31,055	7,123	7,123
Investments in joint ventures		4,758	32,275	-	-
Intangible assets	13	183	9	-	-
Financial assets at FVOCI	14	31,097	30,872	2,370	2,145
Financial assets at FVTPL		19,806	19,806	-	-
Non-trade receivables		35,182	36,815	-	-
Deferred tax assets		71	67	-	-
<b>Total non-current assets</b>		<b>162,334</b>	<b>199,542</b>	<b>38,674</b>	<b>38,523</b>
<b>Current assets</b>					
Inventories		1,225	836	-	-
Trade and other receivables		55,287	42,756	18,717	22,160
Contract assets		29,829	35,443	-	-
Prepayments		1,138	992	19	13
Fixed deposits		1,723	2,172	101	623
Cash and bank balances		40,405	20,874	3,580	2,252
		129,607	103,073	22,417	25,048
Non-current assets classified as held for sale		-	1,880	-	-
<b>Total current assets</b>		<b>129,607</b>	<b>104,953</b>	<b>22,417</b>	<b>25,048</b>
<b>Total assets</b>		<b>291,941</b>	<b>304,495</b>	<b>61,091</b>	<b>63,571</b>
<b>Equity</b>					
Share capital	15	25,048	25,048	25,048	25,048
Treasury shares	15	(3,303)	(3,303)	(3,303)	(3,303)
Share option reserve		2,041	2,041	2,041	2,041
Foreign currency translation reserve		(192)	675	-	-
Merger reserve		(4,794)	(4,794)	-	-
Fair value reserve		(25,287)	(25,559)	(4,455)	(4,680)
Other reserve		1,125	1,125	-	-
Retained earnings		143,065	163,432	(9,017)	(5,872)
Equity attributable to owners of the parent		137,703	158,665	10,314	13,234
Non-controlling interests		(1,852)	(1,065)	-	-
<b>Total equity</b>		<b>135,851</b>	<b>157,600</b>	<b>10,314</b>	<b>13,234</b>
<b>Non-current liabilities</b>					
Trade and other payables	16	12,750	-	12,750	-
Bank borrowings	17	8,453	9,801	-	-
Lease liabilities		5,181	5,423	-	58
Medium term notes	17	35,222	-	35,222	-
Provisions		512	512	-	-
Deferred tax liabilities		1	1	-	-
<b>Total non-current liabilities</b>		<b>62,119</b>	<b>15,737</b>	<b>47,972</b>	<b>58</b>

KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022

B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Note	The Group		The Company	
		30 June 2022	30 September 2021	30 June 2022	30 September 2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Current liabilities</b>					
Contract liabilities		129	129	-	-
Trade and other payables		42,643	28,327	2,805	2,303
Bank borrowings	17	30,919	34,948	-	-
Lease liabilities		1,490	892	-	21
Medium term notes	17	-	47,955	-	47,955
Provisions		16,743	14,119	-	-
Current income tax payable		2,047	4,788	-	-
<b>Total current liabilities</b>		<b>93,971</b>	<b>131,158</b>	<b>2,805</b>	<b>50,279</b>
<b>Total liabilities</b>		<b>156,090</b>	<b>146,895</b>	<b>50,777</b>	<b>50,337</b>
<b>Total equity and liabilities</b>		<b>291,941</b>	<b>304,495</b>	<b>61,091</b>	<b>63,571</b>

KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<u>The Group</u>	Share capital S\$'000	Treasury shares S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Merger reserve S\$'000	Fair value reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>Nine months ended 30 June 2022</b>											
Balance at 1 October 2021	25,048	(3,303)	2,041	675	(4,794)	(25,559)	1,125	163,432	158,665	(1,065)	157,600
Loss for the financial period	-	-	-	-	-	-	-	(20,367)	(20,367)	(787)	(21,154)
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	-	(867)	-	-	-	-	(867)	-	(867)
Fair value gain on financial assets at FVOCI	-	-	-	-	-	272	-	-	272	-	272
Total comprehensive income for the financial period	-	-	-	(867)	-	272	-	(20,367)	(20,962)	(787)	(21,749)
<b>Transactions with owners, recognised directly in equity</b>											
Amortisation of fair value for share options granted to employees	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>25,048</b>	<b>(3,303)</b>	<b>2,041</b>	<b>(192)</b>	<b>(4,794)</b>	<b>(25,287)</b>	<b>1,125</b>	<b>143,065</b>	<b>137,703</b>	<b>(1,852)</b>	<b>135,851</b>
<b>Nine months ended 30 June 2021</b>											
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 period	-	-	-	-	-	-	-	(12,774)	(12,774)	(1,488)	(14,262)
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	-	554	-	-	-	-	554	-	554
Fair value loss on financial assets at FVOCI	-	-	-	-	-	(825)	-	-	(825)	-	(825)
Total comprehensive income for the financial period	-	-	-	554	-	(825)	-	(12,774)	(13,045)	(1,488)	(14,533)
<b>Transactions with owners, recognised directly in equity</b>											
Amortisation of fair value for share options granted to employees	-	-	11	-	-	-	-	-	11	-	11
<b>Balance at 30 June 2021</b>	<b>25,048</b>	<b>(3,303)</b>	<b>2,041</b>	<b>1,391</b>	<b>(4,794)</b>	<b>(15,290)</b>	<b>1,125</b>	<b>168,213</b>	<b>174,431</b>	<b>127</b>	<b>174,558</b>

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

<u>The Company</u>	Share Capital S\$'000	Treasury shares S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Nine months ended 30 June 2022</b>						
Balance at 1 October 2021	25,048	(3,303)	2,041	(4,680)	(5,872)	13,234
Loss for the financial period	-	-	-	-	(3,145)	(3,145)
Other comprehensive income for the financial period:						
Fair value gain on financial assets at FVOCI	-	-	-	225	-	225
Total comprehensive income for the financial period	-	-	-	225	(3,145)	(2,920)
<b>Contribution by and distribution to owners of the parent:</b>						
Amortisation of fair value for share options granted to employees	-	-	-	-	-	-
<b>Total transactions with owners of the parent</b>	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>25,048</b>	<b>(3,303)</b>	<b>2,041</b>	<b>(4,455)</b>	<b>(9,017)</b>	<b>10,314</b>
<b>Nine months ended 30 June 2021</b>						
Balance at 1 October 2020	25,048	(3,303)	2,030	(3,930)	2,851	22,696
Loss for the financial period	-	-	-	-	(3,151)	(3,151)
Other comprehensive income for the financial period:						
Fair value loss on financial assets at FVOCI	-	-	-	(825)	-	(825)
Total comprehensive income for the financial period	-	-	-	(825)	(3,151)	(3,976)
<b>Contribution by and distribution to owners of the parent:</b>						
Amortisation of fair value for share options granted to employees	-	-	11	-	-	11
<b>Total transactions with owners of the parent</b>	-	-	11	-	-	11
<b>Balance at 30 June 2021</b>	<b>25,048</b>	<b>(3,303)</b>	<b>2,041</b>	<b>(4,755)</b>	<b>(300)</b>	<b>18,731</b>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		<b>The Group</b>	
		<b>Nine months ended 30 June 2022</b>	<b>Nine months ended 30 June 2021</b>
Note		<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>			
	Loss before income tax	(20,733)	(14,206)
	Adjustments for:		
	Reversal of impairment loss on non-current assets held for sale	(20)	-
	Reversal of loss allowance of other receivables	-	(431)
13	Amortisation of intangible assets	78	8
12	Depreciation of investment properties	428	473
	Depreciation of property, plant and equipment	2,476	2,453
	Depreciation of right-of-use assets	1,026	903
	Gain on disposal of plant and equipment	(66)	-
	Interest income	(2,941)	(3,211)
	Interest expense	3,268	5,384
	Amortisation of fair value for share options granted to employees	-	11
	Loss on unrealised foreign exchange	279	2,091
	Share of results of joint ventures	(6,813)	(2,029)
	Share of results of associates	3,396	6,263
	Operating cash flows before working capital changes	(19,622)	(2,291)
	Working capital changes		
	Inventories	(389)	(306)
	Trade and other receivables	(9,508)	(3,697)
	Prepayments	(196)	42
	Contract assets	5,748	(8,418)
	Contract liabilities	-	(437)
	Provisions	12,199	982
	Trade and other payables	(201)	863
	Cash used in operations	(11,969)	(13,262)
	Income tax paid	(3,208)	(6,029)
	<b>Net cash used in operating activities</b>	<b>(15,177)</b>	<b>(19,291)</b>
<b>Investing activities</b>			
	Loan to associates	-	(2,082)
	Loan to joint ventures	-	(1,830)
11	Purchase of property, plant and equipment	(112)	(813)
	Purchase of investment properties	-	(8)
13	Purchase of intangible assets	(252)	-
	Purchase of right-of-use assets	(87)	(73)
	Proceeds from disposal of non-current asset held for sales	1,900	-
	Proceeds from disposal of property, plant and equipment	278	-
	Repayment of loan from joint ventures	2,135	61,053
	Repayment of loan from associate	458	375
	Repayment of loan from third parties	15	176
	Interest received	122	6,052
	Dividend income from joint venture	37,600	-
	Redemption of capital upon divestment of financial assets at FVOCI	47	150
	<b>Net cash from investing activities</b>	<b>42,104</b>	<b>63,000</b>



D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	The Group	
	Nine months ended	Nine months ended
	30 June 2022	30 June 2021
Note	S\$'000	S\$'000
<b>Financing activities</b>		
Fixed deposit pledge with financial institutions	-	(3)
Loan from shareholders	12,750	-
Proceeds from bank borrowings	23,094	12,865
Proceeds from finance lease	85	49
Repayment of lease liabilities	(961)	(735)
Repayment of bank borrowings	(27,169)	(10,225)
Repayment of medium term notes	(12,750)	-
Interest paid	(2,629)	(3,747)
<b>Net cash used in financing activities</b>	<b>(7,580)</b>	<b>(1,796)</b>
Net change in cash and cash equivalents	19,347	41,913
Cash and cash equivalents at beginning of financial year	21,813	40,000
Effect of foreign exchange rate changes on cash and cash equivalents	(271)	(33)
<b>Cash and cash equivalents at end of financial period</b>	<b>40,889</b>	<b>81,880</b>
<b>Cash and cash equivalents:</b>		
Fixed deposits	1,723	32,226
Cash and bank balances	40,405	50,189
	42,128	82,415
Fixed deposits pledge	(535)	(535)
Bank overdraft	(704)	-
<b>Cash and cash equivalents at end of financial period</b>	<b>40,889</b>	<b>81,880</b>

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

Keong Hong Holdings Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the nine months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

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

The principal activities of the significant subsidiaries are those relating to investment holding, real estate development and building construction.

### **2. BASIS OF PREPARATION**

The condensed interim financial statements for the nine months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2021.

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

The condensed interim financial statements are presented in Singapore Dollar which is the Company's functional currency, and all values presented are rounded to the nearest thousand (S\$'000) except where otherwise stated.

#### **2.1. New and amended standards adopted by the Group**

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("SFRS(I) INT") that are effective for annual periods beginning on or after 1 October 2021, where applicable. The adoption of these new and revised SFRS(I) or SFRS(I) INT does not have any material impact to the Group's financial statements.

#### **2.2. Use of judgements and estimates**

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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

## **2.2. Use of judgements and estimates (continued)**

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### **(i) Determine the lease term**

The Group has several lease contracts that included extension and/or termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend and/or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the option.

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.

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

### **(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.

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

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.

### **(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 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.

## **2.2. Use of judgements and estimates (continued)**

- (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.

### 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.

- (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.

## **2.3. Going concern**

The Group incurred a net loss of S\$21.2 million for the financial period ended 30 June 2022 and reported a net current asset of S\$35.6 million as at 30 June 2022.

Notwithstanding the above, the appropriateness of the going concern assumptions of the Group is appropriate based on the following factors:

- (a) The continuing financial support from the ultimate controlling company, LJHB Holdings Pte. Ltd.;
- (b) The adequacy of funds, including receipt of projected dividend income and cash flows for ongoing projects, and
- (c) Continued support from its bankers on the unutilised banking facilities will be forthcoming.

## **3. SEASONAL OPERATIONS**

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

#### 4. SEGMENT AND REVENUE INFORMATION

The Group is organised into four main operating divisions as follows

- a) Buildings and Construction – general building contractors
- b) Property development – developing properties with other partners
- c) Investment property – leasing office and retail shops in two commercial buildings acquired in Osaka Japan
- d) Investment holding – investment in quoted and unquoted equity shares

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

##### 4.1. Reportable segments

	The Group					
	Three months ended 30 June 2022					
	Buildings and Construction	Property development	Investment Property	Investment Holding	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
External revenue	34,271	-	329	-	-	34,600
Inter-segment sales	-	91	-	-	(91)	-
	34,271	91	329	-	(91)	34,600
<b>Loss from operations</b>						
Share of results from joint ventures, net of tax	-	544	-	-	-	544
Share of results from associates, net of tax	-	(1,747)	-	-	-	(1,747)
Interest income	1,065	-	-	31	-	1,096
Interest expenses	(324)	-	(23)	(771)	-	(1,118)
Depreciation and Amortisation	(1,337)	-	(130)	-	-	(1,467)
Income tax expense	(285)	-	-	-	-	(285)
Reportable segment (loss)/profit before income tax	(8,553)	842	(911)	(942)	-	(9,564)
Net (loss)/profit for the period after tax	(8,838)	842	(911)	(942)	-	(9,849)
<b>Other information</b>						
Additions to non-current assets	451	-	-	-	-	451
Investment in joint ventures	-	4,758	-	-	-	4,758
Investment in associates	-	28,743	-	-	-	28,743
Segment assets	196,073	64,925	18,988	11,955	-	291,941
Segment liabilities	98,012	86	7,219	50,773	-	156,090

**KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022**

**4.1. Reportable segments** (continued)

	The Group					Total
	Three months ended 30 June 2021					
	Buildings and Construction	Property development	Investment Property	Investment Holding	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
External revenue	26,020	-	379	-	-	26,399
Inter-segment sales	-	42	-	-	(42)	-
	26,020	42	379	-	(42)	26,399
<b>Loss from operations</b>						
Share of results from joint ventures, net of tax	-	(591)	-	-	-	(591)
Share of results from associates, net of tax	-	(3,274)	-	-	-	(3,274)
Interest income	949	-	-	60	-	1,009
Interest expenses	(280)	-	(28)	(1,547)	-	(1,855)
Depreciation and Amortisation	(1,103)	-	(153)	(12)	-	(1,268)
Income tax credit	808	-	-	-	-	808
Reportable segment (loss)/profit before income tax	(11,726)	(191)	521	(1,556)	-	(12,952)
Net (loss)/profit for the period after tax	(10,918)	(191)	521	(1,556)	-	(12,144)
<b>Other information</b>						
Additions to non-current assets	886	-	8	-	-	894
Investment in joint ventures	-	33,907	-	-	-	33,907
Investment in associates	-	15,883	-	-	-	15,883
Segment assets	192,246	92,934	25,172	65,863	-	376,215
Segment liabilities	87,989	35	9,318	104,315	-	201,657

**KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022**

**4.1. Reportable segments** (continued)

	The Group					Total
	Nine months ended 30 June 2022					
	Buildings and Construction	Property development	Investment Property	Investment Holding	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
External revenue	88,291	-	1,015	-	-	89,306
Inter-segment sales	-	247	-	-	(247)	-
	88,291	247	1,015	-	(247)	89,306
<b>Loss from operations</b>						
Share of results from joint ventures, net of tax	-	6,813	-	-	-	6,813
Share of results from associates, net of tax	-	(3,396)	-	-	-	(3,396)
Interest income	2,837	-	-	104	-	2,941
Interest expenses	(913)	-	(75)	(2,280)	-	(3,268)
Depreciation and Amortisation	(3,576)	-	(428)	(4)	-	(4,008)
Income tax expense/(credit)	(425)	-	-	4	-	(421)
Reportable segment (loss)/profit before income tax	(18,979)	4,023	(2,002)	(3,775)	-	(20,733)
Net (loss)/profit for the period after tax	(19,404)	4,023	(2,002)	(3,771)	-	(21,154)
<b>Other information</b>						
Additions to non-current assets	451	-	-	-	-	451
Investment in joint ventures	-	4,758	-	-	-	4,758
Investment in associates	-	28,743	-	-	-	28,743
Segment assets	196,073	64,925	18,988	11,955	-	291,941
Segment liabilities	98,012	86	7,219	50,773	-	156,090

**KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2022**

**4.1. Reportable segments (continued)**

	The Group					Total
	Nine months ended 30 June 2021					
	Buildings and Construction	Property development	Investment Property	Investment Holding	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
External revenue	53,335	-	1,164	-	-	54,499
Inter-segment sales	-	177	-	-	(177)	-
	53,335	177	1,164	-	(177)	54,499
<b>Loss from operations</b>						
Share of results from joint ventures, net of tax	-	2,029	-	-	-	2,029
Share of results from associates, net of tax	-	(6,263)	-	-	-	(6,263)
Interest income	3,060	-	-	151	-	3,211
Interest expenses	(681)	-	(89)	(4,614)	-	(5,384)
Depreciation and Amortisation	(3,327)	-	(473)	(37)	-	(3,837)
Income tax expense	(48)	-	-	(8)	-	(56)
Reportable segment (loss)/profit before income tax	(12,057)	3,058	(694)	(4,513)	-	(14,206)
Net (loss)/profit for the period after tax	(12,105)	3,058	(694)	(4,521)	-	(14,262)
<b>Other information</b>						
Additions to non-current assets	886	-	8	-	-	894
Investment in joint ventures	-	33,907	-	-	-	33,907
Investment in associates	-	15,883	-	-	-	15,883
Segment assets	192,246	92,934	25,172	65,863	-	376,215
Segment liabilities	87,989	35	9,318	104,315	-	201,657



4.2. Disaggregation of revenue

	The Group				
	Three months ended 30 June 2022				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Type of goods or services</b>					
Construction	34,271	-	-	-	34,271
Rental	-	-	329	-	329
Total revenue	34,271	-	329	-	34,600
<b>Timing of revenue recognition</b>					
At a point in time	-	-	-	-	-
Over time	34,271	-	329	-	34,600
Total revenue	34,271	-	329	-	34,600
<b>Geographical information</b>					
Singapore	34,328	-	-	-	34,328
Maldives	(57)	-	-	-	(57)
Japan	-	-	329	-	329
Total revenue	34,271	-	329	-	34,600

	The Group				
	Three months ended 30 June 2021				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Type of goods or services</b>					
Construction	26,020	-	-	-	26,020
Rental	-	-	379	-	379
Total revenue	26,020	-	379	-	26,399
<b>Timing of revenue recognition</b>					
At a point in time	-	-	-	-	-
Over time	26,020	-	379	-	26,399
Total revenue	26,020	-	379	-	26,399
<b>Geographical information</b>					
Singapore	25,755	-	-	-	25,755
Maldives	265	-	-	-	265
Japan	-	-	379	-	379
Total revenue	26,020	-	379	-	26,399

4.2. Disaggregation of revenue (continued)

	The Group				
	Nine months ended 30 June 2022				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Type of goods or services</b>					
Construction	88,291	-	-	-	88,291
Rental	-	-	1,015	-	1,015
Total revenue	88,291	-	1,015	-	89,306
<b>Timing of revenue recognition</b>					
At a point in time	-	-	-	-	-
Over time	88,291	-	1,015	-	89,306
Total revenue	88,291	-	1,015	-	89,306
<b>Geographical information</b>					
Singapore	87,896	-	-	-	87,896
Maldives	395	-	-	-	395
Japan	-	-	1,015	-	1,015
Total revenue	88,291	-	1,015	-	89,306

	The Group				
	Nine months ended 30 June 2021				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Type of goods or services</b>					
Construction	53,335	-	-	-	53,335
Rental	-	-	1,164	-	1,164
Total revenue	53,335	-	1,164	-	54,499
<b>Timing of revenue recognition</b>					
At a point in time	-	-	-	-	-
Over time	53,335	-	1,164	-	54,499
Total revenue	53,335	-	1,164	-	54,499
<b>Geographical information</b>					
Singapore	52,447	-	-	-	52,447
Maldives	888	-	-	-	888
Japan	-	-	1,164	-	1,164
Total revenue	53,335	-	1,164	-	54,499

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**5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 30 September 2021.

	Note	The Group		The Company	
		30 June 2022	30 September 2021	30 June 2022	30 September 2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>					
Financial assets at FVOCI	14	31,097	30,872	2,370	2,145
Financial assets at FVTPL		19,806	19,806	-	-
Financial assets at amortised cost		132,203	102,067	22,398	25,035
<b>Financial liabilities</b>					
Financial liabilities at amortised cost		136,143	127,271	50,777	50,337

**6. LOSS BEFORE TAXATION**

**6.1. Significant items**

	The Group			
	Three months ended 30 June 2022	Three months ended 30 June 2021	Nine months ended 30 June 2022	Nine months ended 30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Income</b>				
Gain on disposal of plant and equipment	-	-	66	-
Interest income	1,096	1,009	2,941	3,211
Rental income from warehouse	267	255	970	765
Management fee	75	75	225	225
Government grant	341	224	995	1,425
<b>Expenses</b>				
<i>Cost of sales</i>				
Construction costs	34,851	26,028	85,307	37,628
Cost of inventories	1,109	978	2,874	1,824
Employee benefit expenses	4,110	2,948	10,285	8,391
Depreciation of property, plant and equipment	6	3	12	9
Depreciation of investment properties	130	153	428	473
<i>Administrative expenses</i>				
Amortisation of intangible assets	64	2	78	8
Depreciation of property, plant and equipment	814	808	2,464	2,444
Depreciation of right-of-use asset	453	302	1,026	903
Employee benefit expenses	1,264	1,514	3,544	3,973
Professional fees	234	109	1,552	304
Foreign exchange (gain)/loss, net	(1,231)	(432)	279	2,091

**KEONG HONG HOLDINGS LIMITED AND ITS SUBSIDIARIES  
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**6. LOSS BEFORE TAXATION (continued)**

**6.2. Significant related party transactions**

In addition to the related party transactions disclosed elsewhere in the interim condensed financial statements, the Group entered into the following transactions with their related parties.

	<b>The Group</b>			
	<b>Three months ended 30 June 2022</b>	<b>Three months ended 30 June 2021</b>	<b>Nine months ended 30 June 2022</b>	<b>Nine months ended 30 June 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Joint ventures</b>				
Contract revenue from joint ventures	7,335	8,817	16,386	16,574
Loan to joint ventures	-	525	-	1,830
Interest charged to joint ventures	163	247	503	850
Payment on behalf of joint ventures	134	123	441	337
<b>Associates</b>				
Loan to associates	-	-	-	1,626
Cash advances to associates	-	-	-	199
Payment made on behalf of associates	(2)	19	356	276
Management fee charged to associates	75	75	225	225
Interest charged to associates	923	730	2,414	2,290
<b>Directors' interest in medium term notes</b>				
- Leo Ting Ping Ronald	2,000	2,000	2,000	2,000
- Fong Heng Boo	500	500	500	500
- Chong Weng Hoe	250	250	250	250
<b>Interest expense</b>				
- Leo Ting Ping Ronald	31	31	94	94
- Fong Heng Boo	8	8	24	24
- Chong Weng Hoe	4	4	12	12
<b>Loan from shareholders</b>				
<b>Interest expense</b>				
- LJHB Capital (S) Pte Ltd	111	-	111	-
- Leo Ting Ping Ronald	66	-	66	-

**7. TAXATION**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>The Group</b>			
	<b>Three months ended 30 June 2022</b>	<b>Three months ended 30 June 2021</b>	<b>Nine months ended 30 June 2022</b>	<b>Nine months ended 30 June 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Current income tax expense/(credit)	285	(808)	421	56
Deferred income tax expense relating to origination and reversal of temporary differences	-	-	-	-
	285	(808)	421	56

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**8. DIVIDENDS**

	The Group			
	Three months ended 30 June 2022	Three months ended 30 June 2021	Nine months ended 30 June 2022	Nine months ended 30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Ordinary dividends paid				
Final exempt dividend	-	-	-	-
Interim exempt dividend	-	-	-	-
	-	-	-	-

**9. LOSS PER ORDINARY SHARES**

Loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year.

	The Group			
	Three months ended 30 June 2022	Three months ended 30 June 2021	Nine months ended 30 June 2022	Nine months ended 30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Loss attributable to owners of the parent	(9,571)	(11,335)	(20,367)	(12,774)
Weighted average number of ordinary shares (excluding treasury shares) (in thousands)	235,010	235,010	235,010	235,010
Basic and diluted loss per share (cents)	(4.07)	(4.82)	(8.67)	(5.44)
Diluted loss per share <sup>(1)</sup> (cents)	(4.07)	(4.82)	(8.67)	(5.44)

<sup>(1)</sup> No adjustment was made to the weighted average number of ordinary shares calculation for the diluted loss per share as the Company was in a loss making position for the current period reported on and the corresponding period of the preceding year, the effects of all dilutive share options have been anti-dilutive.

**10. NET ASSET VALUE**

	The Group		The Company	
	As at 30 June 2022	As at 30 September 2021	As at 30 June 2022	As at 30 September 2021
Net asset value per ordinary share (excluding treasury shares)(cents)	58.6	67.5	4.4	5.6
Number of issued shares excluding treasury shares	235,010,000	235,010,000	235,010,000	235,010,000

**11. PROPERTY, PLANT AND EQUIPMENT**

During the nine months ended 30 June 2022, the Group acquired assets amounting to S\$112,000 (30 June 2021: S\$813,000) and disposed of assets amounting to S\$142,000 (30 June 2021: Nil).

## 12. INVESTMENT PROPERTIES

The Group's investment properties consist of commercial properties held for long-term rental yields and/or capital appreciation and mainly leased to third parties for rental income. The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

	<b>The Group</b>	
	<b>30 June 2022</b>	<b>30 September 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cost</b>		
Beginning of financial year	24,230	25,749
Additions	-	31
Currency realignment	(3,948)	(1,550)
<b>Balance at end of financial period</b>	<b>20,282</b>	<b>24,230</b>
<b>Accumulated depreciation</b>		
Beginning of financial year	2,848	2,383
Depreciation	428	627
Currency realignment	(510)	(162)
<b>Balance at end of financial period</b>	<b>2,766</b>	<b>2,848</b>
<b>Net book value</b>		
Balance at end of financial period	17,516	21,382
At valuation	24,508	24,508

The Group's investment properties were valued 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.

The last valuation of the Group's investment properties were conducted as at 30 September 2021.

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13. INTANGIBLE ASSETS

	Computer software	Transferrable club membership	Contractual customers relationship	Goodwill	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>					
<b>Cost</b>					
Balance at 1 October 2021	235	-	309	1,611	2,155
Additions	252	-	-	-	252
Disposal	-	-	-	-	-
Balance at 30 June 2022	487	-	309	1,611	2,407
<b>Accumulated amortisation</b>					
Balance at 1 October 2021	138	-	-	-	138
Amortisation for the financial period	78	-	-	-	78
Balance at 30 June 2022	216	-	-	-	216
<b>Impairment</b>					
Balance at 1 October 2021	88	-	309	1,611	2,008
Disposal	-	-	-	-	-
Balance at 30 June 2022	88	-	309	1,611	2,008
<b>Net carrying amount</b>					
Balance at 30 June 2022	183	-	-	-	183
Remaining useful life	1 – 2 years	-	-	-	-

	Computer software	Transferrable club membership	Contractual customers relationship	Goodwill	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>					
<b>Cost</b>					
Balance at 1 October 2020	235	222	309	1,611	2,377
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Balance at 30 June 2021	235	222	309	1,611	2,377
<b>Accumulated amortisation</b>					
Balance at 1 October 2020	127	-	-	-	127
Amortisation for the financial period	8	-	-	-	8
Balance at 30 June 2021	135	-	-	-	135
<b>Impairment</b>					
Balance at 1 October 2020	88	31	309	1,611	2,039
Disposal	-	-	-	-	-
Balance at 30 June 2021	88	31	309	1,611	2,039
<b>Net carrying amount</b>					
Balance at 30 June 2021	12	191	-	-	203
Remaining useful life	1 – 2 years	-	-	-	-

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise the following

	The Group	
	30 June 2022	30 September 2021
	S\$'000	S\$'000
Singapore listed equity securities <sup>(1)</sup>	2,370	2,145
Unquoted equity securities <sup>(2)</sup>	28,727	28,727
	31,097	30,872

<sup>(1)</sup> The Singapore listed equity securities are listed on the catalist board of the Singapore Exchange Securities Trading Limited. The fair value of the investments in quoted equity securities were based on the quoted closing market prices on the last market day of the financial year. The investments classified as Level 1 fair value hierarchy.

<sup>(2)</sup> These are unquoted equity share investments in 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.

**Fair value measurement**

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices within Level 1 that are observable for the assets or liabilities, either directly (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)

The following table presented the assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group – 30 June 2022</b>				
<b>Financial assets, at FVOCI</b>				
- Singapore listed equity securities	2,370	-	-	2,370
- Unquoted equity securities	-	-	28,727	28,727
<b>Group – 30 September 2021</b>				
<b>Financial assets, at FVOCI</b>				
- Singapore listed equity securities	2,145	-	-	2,145
- Unquoted equity securities	-	-	28,727	28,727



**15. SHARE CAPITAL**

**15.1.** There has been no change in the Company's issued share capital since the end of the previous period reported on.

**15.2.** As at 30 June 2022 and 30 June 2021, there were 6,455,000 outstanding options issued under Employee Share Option Scheme, which are convertible into 6,455,000 shares.

**15.3.** Treasury shares

	<b>The Group and the Company</b>			
	<b>30 June 2022</b>		<b>30 June 2021</b>	
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
	<b>'000</b>	<b>S\$'000</b>	<b>'000</b>	<b>S\$'000</b>
Treasury shares	7,555	3,303	7,555	3,303

As at 30 June 2022 and 30 June 2021, the Company held 7,555,000 treasury shares representing 3.11% of the total number of issued shares of 242,565,000. The Company did not sale, transfer, cancel and/or use any treasury shares as at the current financial period reported on.

**15.4.** Total number of issued shares (excluding treasury shares)

	<b>The Group and the Company</b>			
	<b>30 June 2022</b>		<b>30 September 2021</b>	
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
	<b>'000</b>	<b>S\$'000</b>	<b>'000</b>	<b>S\$'000</b>
Issued and fully-paid (excluding treasury shares), at the beginning and end of financial period	235,010	21,745	235,010	21,745

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 30 September 2021.

**16. TRADE AND OTHER PAYABLES (NON-CURRENT)**

	<b>The Group and the Company</b>	
	<b>30 June 2022</b>	<b>30 September 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current liabilities</b>		
Non-trade payables		
- loan from shareholders <sup>(1)</sup>	12,750	-

<sup>(1)</sup>

On 5 April 2022, the Company entered into a loan agreement with its shareholders, namely LJHB Capital (S) Pte. Ltd. and Mr Leo Ting Ping Ronald amounting S\$12,750,000 to meet the Group's financing requirement. The loan is unsecured, bearing an interest of 6.25% per annum, and is repayable on 19 August 2023.

## 17. BORROWINGS

	The Group	
	30 June 2022	30 September 2021
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
Secured	30,919	34,948
Unsecured	-	47,955
Amount repayable after one year		
Secured	8,453	9,801
Unsecured	35,222	-

**17.1.** The secured borrowings of the Group are secured by:

- a) charge over the investment property;
- b) charge over property, plant and equipment;
- c) charge over receivables of construction contracts;
- d) deposits pledge with financial institutions; and
- e) corporate guarantee provided by the Company

**17.2.** The unsecured borrowings of the Group relate to the outstanding 6.25 per cent. Notes due 2023 comprised in Series 003 (the "Notes") issued under the S\$200,000,000 Multicurrency Medium Term Note Programme. The Notes will mature on 19 August 2023

For the financial year ended 30 September 2021, the Notes due payable on 19 August 2023, have been classified as current liabilities as 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 that constitutes an Event of Default (as defined in the Trust Deed).

On 28 January 2022, through a Consent Solicitation Exercise, 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.

On 17 February 2022, Notice was given to the Noteholders that as at 11 February 2022, a Change of Control Event has occurred under Condition 6(b)(ii) of the Notes, it therefore confers upon Noteholders the option (the "Put Option") for early redemption of the Notes. Certain Noteholders exercised the put option, amounting to S\$12,750,000 in aggregate principle of the Notes, payable on 18 April 2022.

On 18 April 2022, the Company redeemed S\$12,750,000 in aggregate principal amount of the Notes (the "Redeemed Notes") and that the Redeemed Notes have been cancelled on the same day, in accordance with the terms and conditions of the Notes. Following the cancellation of the Redeemed Notes, the aggregate outstanding principal amount of the Notes is S\$35,250,000.

## 18. SUBSEQUENT EVENTS

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

**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

**1. Review**

The condensed consolidated statement of financial position of Keong Hong Holdings Limited and its subsidiaries as at 30 June 2022 and the related consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and consolidated statement of cash flows for the nine months period then ended and certain explanatory notes have not been audited or reviewed.

**2. Review of performance of the Group**

**REVIEW OF FINANCIAL PERFORMANCE**

**Revenue**

Revenue increased by S\$8.2 million or 31.1% to S\$34.6 million for the third quarter of FY2022 (“3QFY2022”) compared to the corresponding quarter in 3QFY2021. For the nine months ended 30 June 2022 (“9MFY2022”), revenue increased by S\$34.8 million or 63.9% to S\$89.3 million as compared to S\$54.5 million for the nine months ended 30 June 2021 (“9MFY2021”).

The increase in revenue was mainly due to the commencement of upgrading works to Grand Hyatt Hotel Singapore in the current financial year and higher revenue recognised for Sky Everton condominium project as compared to 9MFY2021.

**Gross loss and Gross profit margin**

In 3QFY2022, the Group recorded a negative gross profit margin of 20.2% and gross loss of S\$7.0 million as compared to a negative gross profit margin of 20.7% and gross loss of S\$5.5 million in 3QFY2021. For 9MFY2022, the Group sustained a gross loss of S\$14.7 million, as compared to a gross profit of S\$1.1 million for 9MFY2021.

The gross loss sustained in 3QFY2022 and 9MFY2022 was due to higher than expected construction costs for materials and labour, exacerbated by labour shortages and other inflationary factors due to the Russia-Ukraine conflict and the strict lockdowns in China compared to the previous corresponding period.

**Other income**

Other income was at S\$2.0 million in 3QFY2022, as compared to S\$1.1 million in 3QFY2021, mainly attributable to the sale of scrap steel. However, the Group recorded lower interest income and government grants for 9MFY2022, as compared to 9MFY2021, thus resulting in lower other income of S\$5.5 million.

**Administrative expenses**

For 3QFY2022, administrative expenses decrease by 20.5% S\$2.3 million in 3QFY2022 mainly due to higher reversal of exchange loss recorded in the current quarter as compared to the previous corresponding period. However, administrative expenses increase marginally by 1.9% from S\$11.6 million in 9MFY2021 to S\$11.8 million in 9MFY2022. The increase was mainly attributed to higher depreciation expenses and expenses in relation to series of corporate actions, e.g. consent solicitation exercise, mandatory takeover, etc. that incurred in the current financial year. The increase, was however, partially offset by the lower exchange loss recorded.

**Finance costs**

Finance costs decreased by 39.7% to S\$1.1 million in 3QFY2022 and 39.3% to S\$3.3 million in 9MFY2022 respectively, as compared to the corresponding periods in the previous financial year due to lower level of borrowings in the current financial year.

**Share of results of joint ventures, net of tax**

The Group recorded a net gain of S\$0.5 million and S\$6.8 million from its joint ventures in 3QFY2022 and 9MFY2022 respectively, attributed to the share of profit from residential development projects in Singapore. The profit, was however, partially offset by losses relating to the construction project of a sports and recreational centre.

**2. Review of performance of the Group (continued)**

**Share of results of associates, net of tax**

Group's share of losses of associates decreased by 46.6% to S\$1.7 million in 3QFY2022 and 45.8% to S\$3.4 million in 9MFY2022, from S\$3.3 million in 3QFY2021 and S\$6.3 million in 9MFY2021 respectively, mainly attributed to the gradual and continued recovery of hospitality business in Maldives.

**Loss for the period**

Consequence to the above, the Group sustained a net loss after tax of S\$21.2 million in 9MFY2022, as compared to a net loss after tax of S\$14.3 million in 9MFY2021.

**REVIEW OF FINANCIAL POSITION**

**Non-current assets**

Non-current assets decreased by 18.6% or S\$37.2 million from S\$199.5 million in the full year ended 30 September 2021 ("FY2021") to S\$162.3 million in 9MFY2022, mainly attributed to:

- Lower carrying value of the Group's interest in joint venture arising from receipt of dividend income from a joint venture during the current financial year;
- Depreciation of property, plant and equipment of S\$2.5 million; and
- Depreciation of right-of-use assets of S\$1.0 million

**Current assets**

For the period under review, Group's current assets was higher at S\$129.6 million. The increase was mainly due to:

- Increase in trade and other receivables by S\$12.5 million in tandem with the increase in revenue; and
- Increase in cash and bank balances by S\$19.5 million.

The increase, was however, partially offset by lower carrying value of the Group's contract assets.

**Non-current liabilities**

Group's non-current liabilities increased by S\$46.4 million to S\$62.1 million mainly due to:

- Reclassification of the Medium Term Notes of S\$35.2 million to non-current liabilities as detailed in Note 17; and
- Increase in trade and other payables by S\$12.8 million relating to loan from shareholders for financing requirement.

**Current Liabilities**

Current liabilities decreased by S\$37.2 million to S\$94.0 million in 9MFY2022, mainly attributable to the following

- Reclassification of medium term notes of S\$35.2 million from current to non-current liabilities;
- Repayment of bank borrowings amounted to S\$4.1 million; and
- Increase in trade and other payables by S\$14.3 million.

**REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 30 June 2022, the Group net cash position stood at S\$40.9 million, as compared to S\$81.9 million as at 30 September 2021, a net decrease of S\$41.0 million.

Resulting from the net loss in 9MFY2022, the Group recorded a deficit in net cash from operating activities of S\$15.2 million mainly attributable to loss making construction projects.

The net cash generated from investing activities amounted S\$42.1 million in 9MFY2022 due to:

- Dividend income from joint venture of S\$37.6 million;
- Proceeds from the disposal of non-current asset held for sale of S\$1.9 million; and
- Partial repayment of loan from joint ventures and an associate amounted S\$2.6 million.

**2. Review of performance of the Group (continued)**

The net cash used in financing activities of S\$7.6 million in 9MFY2022 was due to the repayment of bank borrowings of S\$4.1 million, repayment of medium term notes of S\$12.8 million and interest paid of S\$2.6 million, which was partially offset by loan from shareholders of S\$12.8 million.

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

No forecast or prospect statement was previously disclosed to shareholders.

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

**Overview**

MTI reported that the Singapore economy grew by 4.4% on a year-on-year basis in the second quarter of 2022, faster than the 3.8% growth recorded in the previous quarter.

The construction sector grew by 3.3% year-on-year in the second quarter, higher than the 2.4 % growth registered in the previous quarter. Increase in construction activity during the quarter was supported by the expansion of both public and private sector construction output attributed in part to the greater inflow of migrant workers with the relaxation of border restrictions. On a quarter-on-quarter seasonally adjusted basis, the sector expanded by 0.9% in the second quarter, moderating from the 3.5% growth in the first quarter.

For the second half of 2022 and into 2023, there are significant uncertainties facing the global economy. These include the ongoing Russia-Ukraine conflict, rising inflation, higher interest rates, tightening of monetary policy by central banks, slowdown in China's growth and the potential emergence of more virulent strains of the coronavirus, which will heighten risks and threaten economic recovery. Against this backdrop, MTI has narrowed Singapore's GDP growth for 2022 to 3.0% to 4.0% from 3.0% to 5.0% forecasted earlier in the year.

**Building Construction**

The Group's current project pipeline consists of National Skin Centre, Sky Everton condominium, Wilshire Residences condominium, The Antares condominium and the Grand Hyatt Hotel Singapore. As at 30 June 2022, our construction order book stood at approximately S\$406 million.

As Singapore transits to a COVID19 resilient nation, activities in the construction sector will continue to recover on the back of the progressive easing of border restrictions on the entry of migrant workers as well as streamlining of COVID-19 requirements for the construction sector.

In the meantime, we are still facing labour shortages as the inflow of migrant workers would take time to recover. Coupled with rising business costs due to inflationary pressures and supply issues for raw materials, we expect our cost of sales to remain high for the rest of financial year 2022.

**Property Development and Investment**

Sales of new private homes were up 31.3% in the second quarter of 2022 to 2,397 units, from 1,825 units in the preceding quarter. Prices of private residential properties rose at a quicker pace of 3.5% in the second quarter, five times the 0.7% increase in the previous quarter. The higher property prices was the result of a pickup in buying sentiment after most COVID19 safe management measures were eased in April 2022.

**4. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months (continued)**

Amid an increasingly fractious geopolitical environment, Singapore’s stable economy and smooth transition into endemic living have boosted foreign investors’ confidence. Notwithstanding rising interest rates, real estate investment continues to be favoured by investors who are looking for safe havens to preserve their capital.

We have been earnestly seeking new development projects as The Antares condominium has been fully sold and is expected to obtain its temporary occupation permit in November 2022.

**Hotel Development and Investment**

A total of 813,211 visitors arrived in the Maldives in the first six months of 2022 as compared to 510,549 for the same period in 2021, which is a 59.3% increase in tourist arrivals. Barring any unforeseen circumstances, the country is on track to welcome 1.6 million international visitors this year.

We are well-placed to ride the wave of full recovery in the Maldivian tourism sector. The combined average occupancy for Mercure Maldives Kooodoo Hotel and Pullman Maldives Maamutaa Resort was more than 64% year to date.

**5. Dividend information**

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No.

Name of Dividend	Final
Dividend type	Cash
Dividend per share	0 cents
Tax rate	Tax exempt

5b. Corresponding Period for the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

Name of Dividend	Final
Dividend type	Cash
Dividend per share	0 cents
Tax rate	Tax exempt

5c. Date Payable

Not applicable

5d. Books Closure Date

Not applicable

**6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision**

In view of the challenging business environment and the financial performance of the Group, no dividend has been declared or recommended, as it is critical for the Group to conserve its cash resources to sustain its business operations.

**7. Interested person transactions**

The Group has not obtained a general mandate from shareholders for interested person transactions.

The aggregate values of all interested person transactions during the nine months ended are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
LJHB Capital (S) Pte. Ltd.	Controlling shareholder	S\$111,000	Nil
Leo Ting Ping Ronald	Substantial shareholder and director	S\$160,000	Nil

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

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors that may render the interim financial statements for the third quarter and nine months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Leo Ting Ping Ronald  
Executive Chairman and Chief Executive Officer

Er Ang Hooa  
Executive Director

Singapore  
11 August 2022