



KEONG HONG HOLDINGS LIMITED

(Incorporated in Singapore on 15 April 2008)
(Company Registration Number: 200807303W)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS AND FULL YEAR ENDED 30 SEPTEMBER 2021

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

		The Group			
		6 months ended 30/09/2021	6 months ended 30/09/2020	Full year ended 30/09/2021	Full year ended 30/09/2020
Note		S\$'000	S\$'000	S\$'000	S\$'000
	Revenue	57,244	21,338	85,344	82,942
	Cost of sales	(59,927)	(7,110)	(81,427)	(52,161)
	Gross Profit	(2,683)	14,228	3,917	30,781
	Other items of income				
	Other income	5,591	4,011	10,354	11,054
	Other items of expense				
	Administrative expenses	(10,810)	(15,254)	(19,749)	(22,379)
	Reversal/(Loss) allowance on financial assets				
	- trade and other receivables	43	218	263	260
	- contracts assets	(513)	(35)	(513)	(35)
	- long-term interests	-	(691)	-	(691)
	- Financial guarantee contracts	1,306	817	1,306	817
	Finance costs	(3,497)	(3,206)	(7,026)	(6,363)
	Other expenses	(1,405)	(11,772)	(1,405)	(11,772)
	Share of results of joint ventures, net of tax	(1,458)	2,120	1,162	6,880
	Share of results of associates, net of tax	(2,470)	(15,851)	(5,459)	(21,954)
	Loss before income tax	(15,896)	(25,415)	(17,150)	(13,402)
	Income tax expense	(1,323)	(3,001)	(2,187)	(5,428)
	Loss for the period	(17,219)	(28,416)	(19,337)	(18,830)
	Other comprehensive income:				
	<i>Items that may be reclassified subsequently to profit and loss:</i>				
	Exchange difference on translating foreign operations	(697)	726	(154)	343
	Share of other comprehensive income of joint venture	-	6	-	6
	<i>Items that may not be reclassified subsequently to profit and loss:</i>				
	Fair value loss on financial assets at FVOCI	(10,539)	(14,418)	(11,094)	(14,643)
	Other comprehensive income for the period, net of tax	(11,236)	(13,686)	(11,248)	(14,294)
	Total comprehensive income for the period	(28,455)	(42,102)	(30,585)	(33,124)
	Loss attributable to:				
	Owners of the parent	(15,489)	(28,070)	(16,928)	(18,043)
	Non-controlling interests	(1,730)	(346)	(2,409)	(787)
		(17,219)	(28,416)	(19,337)	(18,830)
	Total comprehensive income attributable to:				
	Owners of the parent	(26,725)	(41,756)	(28,176)	(32,337)
	Non-controlling interests	(1,730)	(346)	(2,409)	(787)
		(28,455)	(42,102)	(30,585)	(33,124)
	Loss per share attributable to owners of the parent (cents)				
	• Basic	9	(6.59)	(11.94)	(7.20)
	• Diluted	9	(6.59)	(11.94)	(7.68)

B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	13	20,908	25,488	-	-
Right-of-use assets		6,353	7,415	74	123
Investment properties	14	21,382	23,366	-	-
Investments in subsidiaries		-	-	29,057	32,297
Investments in associates		31,417	30,204	7,123	7,123
Investments in joint ventures		32,275	31,656	-	-
Intangible assets	12	9	211	-	-
Financial assets at FVOCI	11	30,928	42,171	2,145	2,895
Financial assets at FVTPL		19,806	23,392	-	-
Non-trade receivables		36,814	34,562	-	-
Deferred tax assets		591	593	-	-
Total non-current assets		200,483	219,058	38,399	42,438
Current assets					
Inventories		1,172	1,242	-	-
Trade and other receivables		44,360	115,000	22,284	68,437
Contract assets		41,890	17,001	-	-
Prepayments		992	741	13	12
Fixed deposits		2,243	2,243	623	621
Cash and bank balances		20,803	38,289	2,252	14,030
		111,460	174,516	25,172	83,100
Assets classified as held for sale		1,880	-	-	-
Total current assets		113,340	174,516	25,172	83,100
Total assets		313,823	393,574	63,571	125,538
Equity					
Share capital	16	25,048	25,048	25,048	25,048
Treasury shares		(3,303)	(3,303)	(3,303)	(3,303)
Share option reserve		2,041	2,030	2,041	2,030
Foreign currency translation reserve		683	837	-	-
Merger reserve		(4,794)	(4,794)	-	-
Fair value reserve		(25,559)	(14,465)	(4,680)	(3,930)
Other reserve		1,125	1,125	-	-
Retained earnings		164,059	180,987	(5,872)	2,851
Equity attributable to owners of the parent		159,300	187,465	13,234	22,696
Non-controlling interests		(794)	1,615	-	-
Total equity		158,506	189,080	13,234	22,696
Non-current liabilities					
Bank borrowings	15	9,801	7,399	-	-
Lease liabilities		5,423	6,220	58	79
Medium term notes	15	-	47,933	-	47,933
Provisions		512	512	-	-
Deferred tax liabilities		1	1	-	-
Total non-current liabilities		15,737	62,065	58	48,012

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

	Note	The Group		The Company	
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
		S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities					
Contract liabilities		129	378	-	-
Trade and other payables		37,943	46,846	2,303	3,791
Bank borrowings	15	34,948	29,847	-	-
Lease liabilities		892	984	21	20
Medium term notes	15	47,955	51,019	47,955	51,019
Provisions		12,734	4,539	-	-
Deferred income		54	-	-	-
Current income tax payable		4,925	8,816	-	-
Total current liabilities		139,580	142,429	50,279	54,830
Total liabilities		155,317	204,494	50,337	102,842
Total equity and liabilities		313,823	393,574	63,571	125,538

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The Group	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
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	-	-	-	-	-	-	-	(16,928)	(16,928)	(2,409)	(19,337)
Other comprehensive income for the financial year:											
Exchange differences on translating foreign operations	-	-	-	(154)	-	-	-	-	(154)	-	(154)
Fair value loss on financial assets at FVOCI	-	-	-	-	-	(11,094)	-	-	(11,094)	-	(11,094)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	(154)	-	(11,094)	-	(16,928)	(28,176)	(2,409)	(30,585)
Transactions with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of fair value adjustments on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Amortisation of fair value for share options granted to employees	-	-	11	-	-	-	-	-	11	-	11
Total transactions with owners of the parent	-	-	11	-	-	-	-	-	11	-	11
Balance at 30 September 2021	25,048	(3,303)	2,041	683	(4,794)	(25,559)	1,125	164,059	159,300	(794)	158,506

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

The Group	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
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	-	-	-	-	-	(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	-	-	-	-	-	-	-	(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	-	-	-	283	-	-	-	-	283	-	283
Total transactions with owners of the parent	-	-	-	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

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
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	-	-	-	(750)	-	(750)
Total comprehensive income for the financial year	-	-	-	(750)	(8,723)	(9,473)
Contribution by and distribution to owners of the parent:						
Dividends	-	-	-	-	-	-
Amortisation of fair value for share options granted to employees	-	-	11	-	-	11
Total transactions with owners of the parent	-	-	11	-	-	11
Balance at 30 September 2021	<u>25,048</u>	<u>(3,303)</u>	<u>2,041</u>	<u>(4,680)</u>	<u>(5,872)</u>	<u>13,234</u>

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
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	-	-	-	(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	-	-	-	-	(3,525)	(3,525)
Amortisation of fair value for share options granted to employees	-	-	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

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	The Group	
		Full year ended 30/09/2021	Full year ended 30/09/2020
		S\$'000	S\$'000
Operating activities			
Loss before income tax		(17,150)	(13,402)
Adjustments for:			
Loss allowance/(Reversal of loss allowance) on financial assets			
- Trade and other receivables		(263)	(260)
- Contract assets		513	35
- Long-term interests		-	691
- Financial guarantee contracts		(1,306)	(817)
(Reversal)/ Impairment loss on investment in an associate		(2,956)	11,603
Impairment loss on investment in a joint venture		1,076	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 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 club membership	12	191	-
Allowance/(Reversal of allowance) for inventory obsolescence		321	138
Interest income		(4,072)	(5,690)
Interest expense		7,026	6,363
Increase/(Decrease) in provisions			
- Provision for onerous contract		6,563	2,717
- Provision for warranty		500	(200)
- Provision for restoration costs		-	-
- Provision for foreseeable loss		-	-
Dividend income from financial assets at FVOCI		-	(8)
Amortisation of fair value for share options granted to employees		11	283
Loss/(Gain) on unrealised foreign exchange		1,321	603
Share of results of joint ventures		(1,162)	(6,880)
Share of results of associates		5,459	21,954
Operating cash flows before working capital changes		5,314	30,326
Working capital changes			
Inventories		(251)	41
Trade and other receivables		3,154	7,376
Prepayments		(273)	105
Contract assets		(25,919)	5,358
Contract liabilities		315	(22)
Provisions		2,189	-
Trade and other payables		(6,547)	(35,456)
Cash (used in)/ generated from operations		(22,018)	7,728
Income tax paid		(6,066)	(4,679)
Net cash (used in)/ from operating activities		(28,084)	3,049

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

		The Group	
		Full year ended 30/09/2021	Full year ended 30/09/2020
Note		S\$'000	S\$'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)
13	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	(147)	(17)
	Proceeds from finance lease receivables	-	636
	Proceeds from disposal of property, plant and equipment	39	160
	Repayment of loan from joint ventures	656	-
	Repayment of loan from associate	61,428	292
	Repayment of loan from third parties	261	-
	Interest received	6,099	191
	Dividend income from financial assets at FVOCI	150	8
	Net cash generated from/(used in) investing activities	62,312	(20,030)
Financing activities			
	Fixed deposit pledge with financial institutions	(3)	(3)
	Proceeds from issuance of medium term notes	-	13,904
	Proceeds from bank borrowings	20,190	16,723
	Proceeds from finance lease	100	-
	Repayment of lease liabilities	(989)	(957)
	Repayment of bank borrowings	(13,386)	(19,623)
	Repayment of medium term notes	(51,250)	-
	Dividends paid	-	(3,525)
	Interest paid	(6,921)	(5,840)
	Net cash (used in)/generated from financing activities	(52,259)	679
	Net change in cash and cash equivalents	(18,031)	(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	(155)	510
	Cash and cash equivalents at end of financial year	21,814	40,000

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 six months and full year ended 30 September 2021 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 six months and full year ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2020.

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 (\$'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 2020, 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 2020.

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.

(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\$19.3 million for the financial year ended 30 September 2021 and reported a net current liabilities of S\$26.3 million as at 30 September 2021.

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

- (a) Our project for the Antares condominium has achieved sales of more than 98% to date, with TOP expected to be in the 3rd quarter of 2022. With it, it is anticipated that the shareholders' loan of S\$36.8 million by its joint venture will be repaid.
- (b) The adequacy of funds, including receipt of projected dividend income of approximately S\$35 million in the forthcoming year for completed development project and projected cash flows for ongoing projects, enabling the Group to meet its debt obligations and working capital requirements.

(c) Unutilised banking facilities that can be utilised for general working capital purposes.

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

- Buildings and Construction – general building contractors
- Property development – developing properties with other partners
- Investment property – leasing office and retail shops in two commercial buildings acquired in Osaka Japan
- 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					Total
	6 months ended 30 September 2021					
	Buildings and Construction	Property development	Investment Property	Investment Holding	Elimination	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	56,488	-	756	-	-	57,244
Inter-segment sales	-	81	-	-	(81)	-
	56,488	81	756	-	(81)	57,244
Loss from operations						
Share of results from joint ventures, net of tax	-	(1,458)	-	-	-	(1,458)
Share of results from associates, net of tax	-	(2,470)	-	-	-	(2,470)
Interest income	1,741	-	-	137	-	1,878
Interest expenses	(452)	-	(56)	(2,989)	-	(3,497)
Depreciation and Amortisation	(2,447)	-	(307)	(25)	-	(2,779)
Income tax expense	(1,323)	-	-	-	-	(1,323)
Reportable segment profit/(loss) before income tax	(15,893)	(90)	618	(531)	-	(15,896)
Net profit/(loss) for the period after tax	(17,216)	(90)	618	(531)	-	(17,219)
Other information						
Capital expenditure	413	-	23	-	-	436
Investment in joint ventures	-	32,275	-	-	-	32,275
Investment in associates	-	31,417	-	-	-	31,417
Segment assets	275,644	-	25,102	13,077	-	313,823
Segment liabilities	95,838	-	9,141	50,338	-	155,317

4.1. Reportable segments (continued)

	The Group					Total \$'000
	6 months ended 30 September 2020					
	Buildings and Construction \$'000	Property development \$'000	Investment Property \$'000	Investment Holding \$'000	Elimination \$'000	
Revenue						
External revenue	20,462	-	876	-	-	21,338
Inter-segment sales	-	41	-	-	(41)	-
	20,462	41	876	-	(41)	21,338
Loss from operations						
Share of results from joint ventures, net of tax	-	2,120	-	-	-	2,120
Share of results from associates, net of tax	-	(15,851)	-	-	-	(15,851)
Interest income	2,402	-	-	96	-	2,498
Interest expenses	(431)	-	(64)	(2,711)	-	(3,206)
Depreciation and Amortisation	(2,514)	-	(326)	(25)	-	(2,865)
Income tax expense	(2,999)	-	-	(2)	-	(3,001)
Reportable segment loss before income tax	(5,054)	(11,305)	(131)	(8,925)	-	(25,415)
Net loss for the period after tax	(8,053)	(11,305)	(131)	(8,927)	-	(28,416)
Other information						
Capital expenditure	2,822	-	-	-	-	2,822
Investment in joint ventures	-	31,656	-	-	-	31,656
Investment in associates	-	30,204	-	-	-	30,204
Segment assets	341,054	-	27,213	25,307	-	393,574
Segment liabilities	91,151	-	10,499	102,844	-	204,494

4.1. Reportable segments (continued)

	The Group					Total \$'000
	12 months ended 30 September 2021					
	Buildings and Construction \$'000	Property development \$'000	Investment Property \$'000	Investment Holding \$'000	Elimination \$'000	
Revenue						
External revenue	83,803	-	1,541	-	-	85,344
Inter-segment sales	-	216	-	-	(216)	-
	83,803	216	1,541	-	(216)	85,344
Loss from operations						
Share of results from joint ventures, net of tax	-	1,162	-	-	-	1,162
Share of results from associates, net of tax	-	(5,459)	-	-	-	(5,459)
Interest income	3,844	-	-	228	-	4,072
Interest expenses	(853)	-	(117)	(6,056)	-	(7,026)
Depreciation and Amortisation	(4,671)	-	(627)	(50)	-	(5,348)
Income tax expense	(2,179)	-	-	(8)	-	(2,187)
Reportable segment profit/ (loss) before income tax	(13,319)	254	(597)	(3,488)	-	(17,150)
Net loss profit/(loss) for the period after tax	(15,498)	254	(597)	(3,496)	-	(19,337)
Other information						
Capital expenditure	1,299	-	31	-	-	1,330
Investment in joint ventures	-	32,275	-	-	-	32,275
Investment in associates	-	31,417	-	-	-	31,417
Segment assets	275,644	-	25,102	13,077	-	313,823
Segment liabilities	95,838	-	9,141	50,338	-	155,317

4.1. Reportable segments (continued)

	The Group					Total \$'000
	12 months ended 30 September 2020					
	Buildings and Construction \$'000	Property development \$'000	Investment Property \$'000	Investment Holding \$'000	Elimination \$'000	
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 period after tax	6,005	(13,519)	488	(11,804)	-	(18,830)
Other information						
Capital expenditure	2,834	-	23	-	-	2,857
Investment in joint ventures	-	31,656	-	-	-	31,656
Investment in associates	-	30,204	-	-	-	30,204
Segment assets	341,054	-	27,213	25,307	-	393,574
Segment liabilities	91,151	-	10,499	102,844	-	204,494

4.2. Disaggregation of revenue

	The Group				
	6 months ended 30 September 2021				
	Buildings and Construction \$'000	Property development \$'000	Investment Property \$'000	Investment Holding \$'000	Total \$'000
Type of goods or services					
Construction	56,488	-	-	-	56,488
Rental	-	-	756	-	756
Total revenue	56,488	-	756	-	57,244
Timing of revenue recognition					
At a point in time	-	-	-	-	-
Over time	56,488	-	756	-	57,244
Total revenue	56,488	-	756	-	57,244
Geographical information					
Singapore	56,037	-	-	-	56,037
Maldives	451	-	-	-	451
Japan	-	-	756	-	756
Total revenue	56,488	-	756	-	57,244

	The Group				
	6 months ended 30 September 2020				
	Buildings and Construction \$'000	Property development \$'000	Investment Property \$'000	Investment Holding \$'000	Total \$'000
Type of goods or services					
Construction	20,462	-	-	-	20,462
Rental	-	-	876	-	876
Total revenue	20,462	-	876	-	21,338
Timing of revenue recognition					
At a point in time	-	-	-	-	-
Over time	20,462	-	876	-	21,338
Total revenue	20,462	-	876	-	21,338
Geographical information					
Singapore	19,534	-	-	-	19,534
Maldives	928	-	-	-	928
Japan	-	-	876	-	876
Total revenue	20,462	-	876	-	21,338

4.2. Disaggregation of revenue (continued)

	The Group				
	12 months ended 30 September 2021				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Type of goods or services					
Construction	83,803	-	-	-	83,803
Rental	-	-	1,541	-	1,541
Total revenue	83,803	-	1,541	-	85,344
Timing of revenue recognition					
At a point in time	-	-	-	-	-
Over time	83,803	-	1,541	-	85,344
Total revenue	83,803	-	1,541	-	85,344
Geographical information					
Singapore	82,729	-	-	-	82,729
Maldives	1,074	-	-	-	1,074
Japan	-	-	1,541	-	1,541
Total revenue	83,803	-	1,541	-	85,344

	The Group				
	12 months ended 30 September 2020				
	Buildings and Construction	Property development	Investment Property	Investment Holding	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Type of goods or services					
Construction	81,191	-	-	-	81,191
Rental	-	-	1,751	-	1,751
Total revenue	81,191	-	1,751	-	82,942
Timing of revenue recognition					
At a point in time	-	-	-	-	-
Over time	81,191	-	1,751	-	82,942
Total revenue	81,191	-	1,751	-	82,942
Geographical information					
Singapore	77,145	-	-	-	77,145
Maldives	4,046	-	-	-	4,046
Japan	-	-	1,751	-	1,751
Total revenue	81,191	-	1,751	-	82,942

A breakdown of sales

	The Group		
	Financial year ended 30 September 2021	Financial year ended 30 September 2020	Increase/ (Decrease)
	S\$'000	S\$'000	%
Sales reported for the first half year	28,100	61,604	(54.4)
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	(2,118)	9,586	n.m.
Sales reported for the first second year	57,244	21,338	>100.0
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	(17,219)	(28,416)	(39.4)

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2021 and 30 September 2021.

	Note	The Group		The Company	
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
		S\$'000	S\$'000	S\$'000	S\$'000
Financial assets					
Financial assets at FVOCI	10	30,928	42,171	2,145	2,895
Financial assets at FVTPL		19,806	23,392	-	-
Cash and bank balances and trade and other receivables (Amortised costs)		144,970	206,343	25,159	83,088
Financial liabilities					
Trade and other payables and Borrowings (Amortised costs)		136,258	189,205	50,337	102,842

6. PROFIT BEFORE TAXATION

6.1. Significant items

	The Group			
	6 months ended 30	6 months ended 30	12 months ended 30	12 months ended 30
	September 2021	September 2020	September 2021	September 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Gain on disposal of plant and equipment	21	113	21	119
Government grant	497	3,153	1,698	3,180
Interest income				
- banks	72	33	103	177
- finance lease receivables	-	6	-	15
- loan due from joint ventures	421	712	1,024	1,781
- loan due from associates	935	1,747	2,945	3,717
Rental income from warehouse	510	745	1,020	1,525
Reversal of impairment loss on investment in associate	2,956	-	2,956	-
Expenses				
Allowance of inventory obsolescence	5	7	11	17
Amortisation of intangible assets	321	138	321	138
Depreciation of property, plant and equipment	1,859	1,777	3,501	3,629
Depreciation of right-of-use asset	608	755	1,209	1,200
Depreciation of investment properties	307	326	627	640
Fair value changes on financial asset FVTPL	3,586	7,660	3,586	7,660
Foreign exchange loss, net	(1,202)	3,279	1,321	603
Impairment loss on investment in associate	-	11,603	-	11,603
Impairment loss on investment in joint venture	-	138	-	138
Impairment loss on club membership	-	31	-	31
Provision for onerous contract	6,563	2,717	6,563	2,717

6.2. Related party transactions

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

	The Group	
	FY2021	FY2020
	S\$'000	S\$'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
Payment made on behalf of associates	389	601
Management fee charged to associates	300	300
Interest charged to associates	2,945	3,717

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 and loss are:

	6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 30 September 2021	12 months ended 30 September 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense	1,323	3,001	2,187	5,598
Deferred income tax expense relating to origination and reversal of temporary differences	-	-	-	(170)
	1,323	3,001	2,187	5,428

8. DIVIDENDS

	The Group	
	FY2021	FY2020
	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			
	6 months ended	6 months ended	Full year ended	Full year ended
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	S\$'000	S\$'000	S\$'000	S\$'000
Loss attributable to owners of the parent	(15,489)	(28,070)	(16,928)	(18,043)
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)	(6.59)	(11.94)	(7.2)	(7.68)
Diluted loss per share ⁽¹⁾ (cents)	(6.59)	(11.94)	(7.2)	(7.68)

⁽¹⁾ 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

	Group		Company	
	As at 30	As at 30	As at 30	As at 30
	September 2021	September 2020	September 2021	September 2020
Net asset value per ordinary share (excluding treasury shares)(cents)	67.8	79.8	5.6	9.7
Number of issued shares excluding treasury shares	235,010,000	235,010,000	235,010,000	235,010,000

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	The Group	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
Singapore listed equity securities ⁽¹⁾	2,145	2,895
Unquoted equity securities ⁽²⁾	28,783	39,276
	30,928	42,171

(1) 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.

- (2) These are unquoted 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.

11.1. 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
Group – 30 September 2021				
Financial assets, at FVOCI				
- Singapore listed equity securities	2,145	-	-	2,145
- Unquoted equity securities	-	-	28,783	28,783
Group – 30 September 2020				
Financial assets, at FVOCI				
- Singapore listed equity securities	2,895	-	-	2,895
- Unquoted equity securities	-	-	39,276	39,276

12. INTANGIBLE ASSETS

During the six months and full year ended 30 September 2021, the Group disposed the transferrable club membership with carrying value amounting S\$191,000.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired assets amounting to S\$339,000 (FY 2020: S\$2.8 million) and disposed of assets amounting to S\$33,000 (FY2020: S\$138,000).

During FY2021, the Group acquired assets amounting to S\$1.2 million (FY2020: S\$2.8 million) and disposed of assets amounting to S\$33,000 (FY2020: S\$138,000)

14. INVESTMENT PROPERTIES

The Group's investment properties consist of commercial properties. They are held for long-term rental yields and/or capital appreciation and mainly leased to third parties for rental income.

	The Group	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
Cost		
Beginning of financial year	25,749	25,426
Additions	31	23
Currency realignment	(1,550)	300
Balance at end of financial year	24,230	25,749
Accumulated depreciation		
Beginning of financial year	2,383	1,717
Depreciation	627	640
Currency realignment	(162)	26
Balance at end of financial year	2,848	2,383
Net book value		
Balance at 30 September	21,382	23,366
At valuation	23,792	25,678

14.1. Valuation

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.

15. BORROWINGS

	The Group	
	30 September 2021	30 September 2020
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
Secured	34,948	29,847
Unsecured	47,955	51,019
Amount repayable after one year		
Secured	9,801	7,399
Unsecured	-	47,933

BORROWINGS (continued)

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

The unsecured borrowings of the Group relate to the Medium Term Notes Series 003 (“MTN 3”) that carried a fixed interest of 6.25% per annum with interest payable semi-annually. The MTN 3 will mature on 19 August 2023.

The MTN 3 contained certain financial covenants that the Group will ensure compliance. The Group has reclassified the MTN 3 from non-current liabilities to current liabilities in FY2021 as there is a technical breach in one of the financial covenants. The Group is currently in the midst of rectifying the breach.

Notwithstanding the above, taking into consideration of the availability of cash resources and banking facilities, the Group is confident to meet the financial obligations of the MTN 3 both in terms of the interest and principal payment when it falls due.

16. SHARE CAPITAL

	The Group and the Company			
	30 September 2021		30 September 2020	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Issued and fully-paid (excluding treasury shares)				
At the beginning and end of interim period	235,010	21,745	235,010	21,745

As at 30 September 2021 and 30 September 2020, 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 in the full year ended 30 September 2021.

There were 6,455,000 convertible options issued under the Employee Share Option Scheme, which are convertible to 6,455,000 shares as at 30 September 2021 and 30 September 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 30 September 2020.

17. SUBSEQUENT EVENTS

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

OTHER INFORMATION REQUIRED BY LISTING RULE

APPENDIX 7.2

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 September 2021 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 six-month period and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Group's revenue increased marginally by 2.9% from S\$82.9 million in FY2020 to S\$85.3 million in FY2021, as productivity has yet to recover to pre COVID-19 level.

Cost of sales

Cost of sales, on the other hand, had risen by 56.1% from S\$52.2 million in FY2020 to S\$81.4 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 and Gross profit margin

In tandem with the increase in cost of sales, gross profit margin decreased from 37.1% in FY2020 to 4.6% in FY2021 and gross profit decreased by 87.3% from S\$30.8 million in FY2020 to S\$3.9 million in FY2021.

Other income

Group's other income were lower by 6.3%, from S\$11.1 million in FY2020 to S\$10.4 million in FY2021. The decrease was mainly due to lower government grant income, interest income and rental income recorded in FY2021. Government grant income decrease from S\$3.2 million in FY2020 to of S\$1.7 million in FY2021 as Government support for COVID-19 tapered off in the current period reported. Interest income decreased by S\$1.6 million to S\$4.1 million in FY2021 mainly attributable to payment of loans from joint venture and associate during FY2021. Rental income decreased by S\$500,000 in FY2021 as we occupied the warehouse previously tenant to third party in FY2020 for our own use. The decrease, was however, offset by a reversal of impairment loss of S\$3.0 million in an associate in FY2021.

Administrative expenses

Administrative expenses were lower by 11.8% at S\$19.8 million in FY2021 as compared to S\$22.4 million in FY2020 mainly attributable to lower loss in fair value changes of S\$3.5 million (FY2020: \$7.7 million) on financial assets recorded in the current year. The decrease was partially offset by the increase in staff cost and net foreign exchange loss in FY2021.

Allowance on financial assets

In FY2021, the Group recorded a net reversal of allowance of S\$1.1 million on its financial assets as compared to a net reversal of S\$351,000 in FY2020. The reversal was mainly due to reversal of expected credit loss on its trade and other receivables of S\$263,000 and reversal of impairment loss on financial guarantee contracts of S\$1.3 million in FY2021.

Finance costs

With the issuance of S\$48 million notes from the Group's Medium Term Notes programme Series 003 on 19 August 2020 that carried a higher interest rate, Group's finance costs increased by 10.4% to S\$7.0 million in FY2021 as compared to S\$6.4 million in FY2020.

Other expenses

In FY2021, the Group recorded an aggregate of S\$1.2 million impairment loss on investment in a joint venture and its non-current assets held for sale as compared to the S\$11.8 million impairment loss on investment in an associate, a joint venture and intangible asset recorded in FY2020, a decrease of 88.1%.

Share of results of joint ventures and associates

The results of our joint ventures were also impacted by COVID-19 disruption as it is also construction related, with our share of profit decreased by 83.1% from S\$6.9 million in FY2020 to S\$1.2 million in FY2021.

With the improvement in performance of its hospitality business in Maldives, the Group recorded a lower net loss on its share of results of associates, net of tax by 75.1% from S\$22.0 million in FY2020 to S\$5.5 million in FY2021.

Income tax expense

Income tax expense decreased by 59.7% from S\$5.4 million in FY2020 to S\$2.2 million in FY2021 as lower taxable income was recorded in the current financial reported on as compared to the corresponding period of the preceding year.

Loss for the year

Consequence to the above, the Group recorded a net loss of S\$19.3 million in FY2021, as compared to a loss of S\$18.8 million in FY2020, a 2.7% increase.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets decrease by S\$18.6 million from S\$219.1 million in FY2020 to S\$200.5 million in FY2021. The decrease was mainly due to the following: -

- a) lower carrying value of the Group's property, plant and equipment, and right-of-use assets resulting from depreciation of S\$4.7 million (FY2020: S\$4.8 million);
- b) reclassification of certain property, plant and equipment as assets held for sale;
- c) fair value loss of S\$11.2 million on financial assets at FVOCI; and
- d) fair value loss of S\$3.6 million on financial assets at FVTPL

Current assets

In the year under review, Group's current assets was lower at S\$113.3 million mainly attributed to lower trade and other receivables as the Group received partial repayment of loan from an associates as well as lower cash and bank balances as at 30 September 2021.

Non-current liabilities

Group's non-current liabilities decrease by 74.7% to S\$15.7 million as a result of the re-classification of the Group's Medium Term Notes Series 003 ("MTN 3") to current liabilities in FY2021 due to a breach in one of the financial covenant.

Current Liabilities

The Group repaid its Medium Term Notes Series 002 ("MTN 2") and associated interest costs amounting S\$51.3 million during the year. Group's trade and other payables decrease to S\$37.9 million (FY2020: S\$46.8 million) for the period report on due to repayment during the year. The decrease was partially offset by the increase in bank borrowings, provisions and reclassification of non-current liabilities to current liabilities during the year. Consequent to it, current liabilities decreased from S\$142.4 million in FY2020 to S\$139.6 million in FY2021.

REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 September 2021, Group's net cash position amounted to S\$21.8 million as compared to S\$40.0 million as at 30 September 2020, a net decrease of S\$18.0 million in cash and cash equivalents.

Despite the loss in the current year, Group's operating cash flows before working capital changes remained positive. However, the Group recorded net cash used in operating activities of S\$28.0 million in FY2021 as compared to net cash generated from operating activities of S\$3 million in FY2020. These was mainly attributable to the spike in construction costs and the increase in its contract assets.

Arising from the receipt of loan repayment from various parties as well as interest received, the Group generated net cash of S\$62.3 million in investing activities during the year as compared to net cash used of S\$20.0 million in FY2020.

Net cash used in financing activities of S\$52.3 million in FY2021 was mainly attributed to the repayment of the Group's Medium Term Notes Series 002 as well as repayment of bank borrowings and interest. Whereas, in FY2020, the Group generated net cash from financing activities of S\$679,000 attributed to the issuance of MTN 3.

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

Singapore's economy grew by 7.1% on a year-on-year basis in the third quarter of 2021 and is expected to grow around 7.0% for full year 2021¹. The gradual recovery has also been extended to the construction sector, as the sector expanded by 66.3% on a year-on-year basis in the third quarter, following a 117.5% growth in the preceding quarter. However, it was noted that the construction sector's growth was largely due to low base effects when compared to the same period of 2020. The value-added of the sector remained 21.1% below its pre-COVID-19 level, during the third quarter of 2019, with activity at construction worksites weighed down by labour shortages.

2022 will continue to be a year filled with headwinds such as rising raw material prices, supply restrictions and labour shortages. Despite these challenges, the Group is cautiously optimistic on the overall prospects of building construction, property and hotel development and investment sectors in the coming months as Singapore is set to ease further border restrictions and the economy is poised for recovery.

Building Construction

The Group's current project pipeline consists of National Skin Centre, Punggol Regional Sports Centre, Sky Everton condominium, Wilshire Residences condominium, The Antares condominium and the Grand Hyatt Hotel Singapore. As at 30 September 2021, our construction order book stood at approximately S\$482 million, providing us with a steady flow of activities through the financial year ending 30 September 2023.

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 prices of raw materials. Project delays and falling margins have been the inevitable consequences of such circumstances.

Property Development and Investment

Singapore's property market shows no sign of letting up with prices increasing across all classes of properties. Prices of residential properties increasing by 1.1% in the third quarter of 2021 as compared with 0.8% in the preceding quarter. Developers sold 3,550 private residential units in the third quarter of 2021 as compared to 2,966 units in the previous quarter and 3,517 units in the same period in 2020².

The Antares condominium has benefitted from the strong property market, achieving sales of more than 98% to date, whilst its completion has been pushed back to the third quarter of 2022.

The Group will be earnestly looking for new property development projects in the coming months.

Hotel Development and Investments

Our two hotels, The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong, have been adversely affected by the global pandemic. As Singapore gradually reopens borders, the introduction of Vaccinated Travel Lanes (VTLs) with 27 countries to date, offers hope for a faster recovery. We remain cautiously hopeful for an eventual upturn in tourist arrivals as more VTLs and other reciprocal travel schemes are established.

The Maldives has reopened its borders since July 2020 and has rebounded well from the pandemic. From January to October 2021, over one million tourists have arrived in Maldives as compared to 423,325 for the same period last year which marks a 139.3% increase in tourism arrivals³. 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.

¹ Ministry of Trade and Industry, "MTI Forecasts GDP Growth of around 7.0 Per Cent in 2021 and 3.0 to 5.0 Per Cent in 2022", 24 November 2021.

² Urban Redevelopment Authority, "Release of 3rd quarter 2021 real estate statistics", 22 October 2021.

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

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

No dividend has been declared or recommended for the financial year ended 30 September 2021 due to the financial performance of the Group and the Board of Directors are of the view that conserving its cash resources is critical in order to sustain the business operations as we are still adversely impacted by the impact of the pandemic.

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. Interested person transactions

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

7. 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).

8. Review of performance of the Group, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The Buildings and Construction segment reported a loss in FY2021 as compared to a profit in FY2020 for reasons disclosed in Para 2.

The investment property segment reported a loss in FY2021 as a result of depreciation of Japanese Yen vis-à-vis Singapore Dollar.

With recovery in the tourism sector, the investment holding segment reported a lower loss of S\$3.5 million in FY2021 as compared to a loss of S\$11.8 million in FY2020. The lower loss was a result of improvement of financial performance of the resorts as well as partial reversal of impairment loss previously provided in FY2020.

9. Disclosure of person occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Mainboard Rules, Keong Hong Holdings Limited confirms that there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
29 November 2021