

KHONG GUAN LIMITED
(Company registration number: 196000096G)
AND ITS SUBSIDIARIES

CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND FULL YEAR ENDED 31 JULY 2024

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

		GROUP				
		6 months ended		12 months ended		
		31 July	31 July	31 July	31 July	Increase/ (Decrease)
		2024	2023	2024	2023	
	Note	\$'000	\$'000	\$'000	\$'000	%
Revenue		34,750	34,376	70,159	71,916	(2)
Dividend income		30	30	43	42	2
Other net changes in fair value on financial assets at fair value through profit or loss	11	76	(122)	(184)	57	NM
Other income	5.2	554	428	1,037	867	20
Changes in inventories		1,258	1,469	804	(621)	NM
Purchases of inventories		(32,690)	(32,415)	(64,546)	(64,299)	-
Employee benefits expense		(1,947)	(2,021)	(3,909)	(3,936)	(1)
Depreciation and amortisation expenses						
- property, plant and equipment		(279)	(286)	(545)	(566)	(4)
- right-of-use assets		(75)	(67)	(140)	(137)	2
- investment property		(74)	(74)	(147)	(147)	-
Share of results of associates, net of tax		(603)	(228)	(458)	74	NM
Finance costs		(6)	(4)	(10)	(7)	43
Other expenses		(1,511)	(1,486)	(2,876)	(2,757)	4
(Loss)/Profit before tax		(517)	(400)	(772)	486	
Income tax expense	6	(226)	(179)	(429)	(542)	
Loss for the financial period		(743)	(579)	(1,201)	(56)	
(Loss)/Profit for the financial period attributable to :						
Equity holders of the Company		(810)	(685)	(1,355)	(286)	
Non-controlling interests		67	106	154	230	
		(743)	(579)	(1,201)	(56)	
Loss per share attributable to equity holders of the Company [in cents]						
Basic and diluted		(3.14)	(2.65)	(5.25)	(1.11)	
NM - Not meaningful						

A CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – cont'd

	GROUP				
	6 months ended		12 months ended		
	31 July	31 July	31 July	31 July	Increase/ (Decrease)
	2024	2023	2024	2023	%
	\$'000	\$'000	\$'000	\$'000	
Loss for the financial period	(743)	(579)	(1,201)	(56)	
Other comprehensive income/(loss):					
Items that will not be reclassified to profit or loss:					
Share of associate's capital reserve on financial assets at fair value through other comprehensive income ("FVOCI")	(20)	(8)	(19)	(2)	850
	(20)	(8)	(19)	(2)	
Items that may be reclassified subsequently to profit or loss:					
Translation differences relating to financial statements of foreign operations	1,015	(1,993)	(341)	(2,100)	(84)
	1,015	(1,993)	(341)	(2,100)	
Other comprehensive income/(loss), net of tax	995	(2,001)	(360)	(2,102)	(83)
Total comprehensive income/(loss) for the financial period	252	(2,580)	(1,561)	(2,158)	
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company	119	(2,555)	(1,693)	(2,251)	
Non-controlling interests	133	(25)	132	93	
	252	(2,580)	(1,561)	(2,158)	

B CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	GROUP			COMPANY	
		31 July 2024	31 July 2023	Increase/ (Decrease) %	31 July 2024	31 July 2023
		\$'000	\$'000 (Restated)		\$'000	\$'000 (Restated)
ASSETS AND LIABILITIES						
Non-Current Assets						
Property, plant and equipment		6,055	6,313	(4)	2,982	3,087
Right-of-use assets		1,871	1,968	(5)	-	-
Investment property	9	10,389	10,536	(1)	10,389	10,536
Investments in subsidiaries		-	-	-	18,287	18,287
Investments in associates	10	19,100	20,067	(5)	1,500	1,500
Financial assets at fair value through other comprehensive income		244	246	(1)	-	-
Deferred tax assets		31	28	11	-	-
		37,690	39,158		33,158	33,410
Current Assets						
Inventories		8,636	7,892	9	-	-
Short-term investments	11	1,603	1,787	(10)	-	-
Trade receivables	12	12,014	11,299	6	306	451
Other receivables	*	299	262	14	129	102
Tax recoverable		374	136	175	-	-
Amounts owing by a subsidiary		-	-	-	135	148
Amounts owing by an associate		750	750	-	750	750
Fixed deposits		2,074	1,773	17	2,074	1,773
Cash and bank balances		2,174	3,743	(42)	767	1,356
		27,924	27,642		4,161	4,580
Less: Current Liabilities						
Trade payables		7,721	7,133	8	202	347
Other payables	*	1,459	1,323	10	346	400
Amounts owing to subsidiaries		-	-	-	457	400
Lease liabilities		76	57	33	-	-
		9,256	8,513		1,005	1,147
Net Current Assets		18,668	19,129		3,156	3,433
Less: Non-Current Liabilities						
Lease liabilities		69	89	(22)	-	-
Provision for retirement benefits		249	230	8	249	230
Deferred tax liabilities		82	71	15	-	-
		400	390		249	230
Net Assets		55,958	57,897		36,065	36,613
EQUITY						
Share capital	13	33,279	33,279		33,279	33,279
Capital reserve		263	282		-	-
Foreign currency translation reserve		(3,253)	(2,934)		-	-
Retained profits		23,178	24,791		2,786	3,334
Attributable to equity holders of the Company		53,467	55,418		36,065	36,613
Non-controlling interests		2,491	2,479		-	-
Total Equity		55,958	57,897		36,065	36,613

* refer to Other information required by Listing Rule Appendix 7.2 item 12

C CONDENSED STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total attributable to equity holders of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
2024							
At 1 August 2023	33,279	282	(2,934)	24,791	55,418	2,479	57,897
(Loss)/Profit for the financial year	-	-	-	(1,355)	(1,355)	154	(1,201)
Other comprehensive loss for the financial year	-	(19)	(319)	-	(338)	(22)	(360)
Total comprehensive income/(loss) for the financial year	-	(19)	(319)	(1,355)	(1,693)	132	(1,561)
Dividends paid by							
- the Company	-	-	-	(258)	(258)	-	(258)
- subsidiaries to non-controlling interests	-	-	-	-	-	(120)	(120)
At 31 July 2024	33,279	263	(3,253)	23,178	53,467	2,491	55,958
2023							
At 1 August 2022	33,279	284	(971)	25,593	58,185	2,549	60,734
(Loss)/Profit for the financial year	-	-	-	(286)	(286)	230	(56)
Other comprehensive loss for the financial year	-	(2)	(1,963)	-	(1,965)	(137)	(2,102)
Total comprehensive income/(loss) for the financial year	-	(2)	(1,963)	(286)	(2,251)	93	(2,158)
Dividends paid by							
- the Company	-	-	-	(516)	(516)	-	(516)
- subsidiaries to non-controlling interests	-	-	-	-	-	(163)	(163)
At 31 July 2023	33,279	282	(2,934)	24,791	55,418	2,479	57,897

C CONDENSED STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY		Share capital \$'000	Retained profits \$'000	Total equity \$'000
	Note			
2024				
At 1 August 2023		33,279	3,334	36,613
Loss for the financial year		-	(290)	(290)
Other comprehensive income for the financial year		-	-	-
Total comprehensive income for the financial year		-	(290)	(290)
Dividend paid	7	-	(258)	(258)
At 31 July 2024		33,279	2,786	36,065
2023				
At 1 August 2022		33,279	3,923	37,202
Loss for the financial year		-	(73)	(73)
Other comprehensive income for the financial year		-	-	-
Total comprehensive income for the financial year		-	(73)	(73)
Dividend paid	7	-	(516)	(516)
At 31 July 2023		33,279	3,334	36,613

D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	12 months ended	
	31 July	31 July
	2024	2023
	\$'000	\$'000
Cash flows from operating activities :		
(Loss)/Profit before tax	(772)	486
Adjustments for non-cash and other items :		
Allowance on impairment of trade receivables	53	195
Bad debts written off	7	-
Depreciation and amortisation expenses	832	850
Fair value loss/(gain) on short-term investments	184	(57)
Gain on disposal of property, plant and equipment	(36)	(31)
Inventory written off	107	68
Provision for obsolete inventories	16	-
Interest expense	10	7
Interest income	(128)	(109)
Loss on forward foreign exchange contracts	20	-
Provision for retirement benefits	19	19
Reversal of allowance on impairment of trade receivables	(14)	(36)
Share of results of associates, net of tax	458	(74)
	1,528	832
Operating profit before working capital changes	756	1,318
Decrease in short-term investments	-	7
(Increase)/Decrease in inventories	(927)	553
(Increase)/Decrease in trade and other receivables	(1,118)	115
Increase/(Decrease) in trade and other payables	759	(919)
	(1,286)	(244)
Cash (used in)/generated from operations	(530)	1,074
Income tax paid	(419)	(689)
Interest received	128	109
	(291)	(580)
Net cash (used in)/generated from operating activities	(821)	494

D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – *cont'd*

	GROUP	
	12 months ended	
	31 July	31 July
	2024	2023
	\$'000	\$'000
Cash flows from investing activities :		
Purchases of property, plant and equipment	(381)	(417)
Proceeds from disposal of property, plant and equipment	103	70
Loan to an associate	-	(435)
Dividend received from an associate	309	333
Net cash generated from/(used in) investing activities	31	(449)
	(790)	45
Cash flows from financing activities :		
Dividend paid by the Company	(258)	(516)
Dividends paid by subsidiaries to non-controlling interests	(120)	(163)
Repayment of lease liabilities	(62)	(59)
Lease liabilities interest paid	(10)	(7)
Net cash used in financing activities	(450)	(745)
Net decrease in cash and cash equivalents	(1,240)	(700)
Cash and cash equivalents at beginning of the financial year	5,516	6,321
Effects of currency translations on cash and cash equivalents	(28)	(105)
Cash and cash equivalents at end of the financial year	4,248	5,516

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The condensed financial statements for the six months ended 31 July 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed 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 interim financial statements for the period ended 31 January 2024.

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 1.1.

The condensed financial statements are presented in Singapore dollar which is the Company's functional currency.

1.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

1.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 July 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Note 12 - Allowance on impairment of trade receivables

2 SEASONAL OPERATIONS

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

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

3 SEGMENT AND REVENUE INFORMATION

The Group is organised into the following business segments:

- a) Segment 1: Trading of wheat flour and consumer goods in Singapore and Malaysia
- b) Segment 2: Investment trading – trading of shares listed in Singapore and Malaysia; and
- c) Segment 3: Investment holding – holding of shares in Singapore and Malaysia for dividend income

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

3.1 Reportable segments

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2023 to 31 July 2024				
Total segment revenue	70,229	-	-	70,229
Inter-segment revenue	(70)	-	-	(70)
Revenue from external parties	70,159	-	-	70,159
Dividend income	-	-	43	43
Interest income	128	-	-	128
Miscellaneous income	887	22	-	909
Total other income	1,015	22	43	1,080
Total revenue and other income	71,174	22	43	71,239
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	782	(406)	24	400
Depreciation and amortisation	(792)	(40)	-	(832)
Operating profit/(loss)	(10)	(446)	24	(432)
Interest expense				(10)
Interest income				128
Share of results of associates, net of tax				(458)
Taxation				(429)
Loss after tax				(1,201)

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

3 SEGMENT AND REVENUE INFORMATION – cont'd

3.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2023 to 31 July 2024 – cont'd				
Assets and Liabilities				
Segments assets	43,953	1,796	250	45,999
Associates				19,100
Unallocated assets				515
				<u>65,614</u>
Segments liabilities	9,052	20	4	9,076
Unallocated liabilities				580
				<u>9,656</u>
Other segments information				
Expenditure for non-current assets	381	-	-	381
Other non-cash items				
Allowance on impairment of trade receivables	53	-	-	53
Reversal of allowance on impairment of trade receivables	(14)	-	-	(14)
Bad debts written off	7	-	-	7
Inventory written off	107	-	-	107
Provision for obsolete inventories	16	-	-	16
Foreign exchange loss	42	-	-	42
1 August 2022 to 31 July 2023				
Total segment revenue	71,970	-	-	71,970
Inter-segment revenue	(54)	-	-	(54)
Revenue from external parties	71,916	-	-	71,916
Dividend income	-	-	42	42
Interest income	109	-	-	109
Miscellaneous income	756	2	-	758
Total other income	865	2	42	909
Total revenue and other income	72,781	2	42	72,825

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

3 SEGMENT AND REVENUE INFORMATION – cont'd

3.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2022 to 31 July 2023 – cont'd				
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	1,340	(204)	24	1,160
Depreciation and amortisation	(806)	(44)	-	(850)
Operating profit/(loss)	534	(248)	24	310
Interest expense				(7)
Interest income				109
Share of results of associates, net of tax				74
Taxation				(542)
Loss after tax				(56)
Assets and Liabilities				
Segments assets	43,984	2,198	320	46,502
Associates				20,067
Unallocated assets				231
				66,800
Segments liabilities	8,519	31	7	8,557
Unallocated liabilities				346
				8,903
Other segments information				
Expenditure for non-current assets	417	-	-	417
Other non-cash items				
Allowance on impairment of trade receivables	195	-	-	195
Reversal of allowance on impairment of trade receivables	(36)	-	-	(36)
Inventory written off	68	-	-	68
Foreign exchange loss	124	-	-	124

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

3 SEGMENT AND REVENUE INFORMATION – *cont'd*

3.2 Disaggregation of Revenue

	GROUP			
	6 months ended 31 July 2024			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	34,750	-	-	34,750
Timing of revenue recognition:				
At a point in time	34,750	-	-	34,750
Geographical information:				
Singapore	667	-	-	667
Malaysia	34,083			34,083
	34,750	-	-	34,750

	GROUP			
	6 months ended 31 July 2023			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	34,376	-	-	34,376
Timing of revenue recognition:				
At a point in time	34,376	-	-	34,376
Geographical information:				
Singapore	921	-	-	921
Malaysia	33,455			33,455
	34,376	-	-	34,376

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

3 SEGMENT AND REVENUE INFORMATION – *cont'd*

3.2 Disaggregation of Revenue – *cont'd*

	GROUP			
	12 months ended 31 July 2024			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	70,159	-	-	70,159
Timing of revenue recognition:				
At a point in time	70,159	-	-	70,159
Geographical information:				
Singapore	1,542	-	-	1,542
Malaysia	68,617	-	-	68,617
	70,159	-	-	70,159

	GROUP			
	12 months ended 31 July 2023			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	71,916	-	-	71,916
Timing of revenue recognition:				
At a point in time	71,916	-	-	71,916
Geographical information:				
Singapore	1,977	-	-	1,977
Malaysia	69,939	-	-	69,939
	71,916	-	-	71,916

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

3 SEGMENT AND REVENUE INFORMATION – *cont'd*

3.2 Disaggregation of Revenue – *cont'd*

A breakdown of sales:

	GROUP 12 months ended		
	31 July 2024 \$'000	31 July 2023 \$'000	Increase/ (Decrease) %
Sales reported for the first half year	35,409	37,540	(6)
Operating (loss)/profit after tax before deducting non-controlling interests reported for the first half year	(458)	523	NM
Sales reported for the second half year	34,750	34,376	1
Operating loss after tax before deducting non-controlling interests reported for the second half year	(743)	(579)	28

4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and liabilities of the Group as at 31 July 2024 and 31 July 2023:

	GROUP		COMPANY	
	31 July 2024 \$'000	31 July 2023 \$'000	31 July 2024 \$'000	31 July 2023 \$'000
Financial Assets				
Financial assets at fair value through profit or loss ("FVPL")	1,603	1,787	-	-
Financial assets at FVOCI	244	246	-	-
Cash and bank balances and fixed deposits and trade and other receivables and amounts owing by an associate and amounts owing by a subsidiary (Amortised cost)	17,210	17,723	4,088	4,501
	<u>19,057</u>	<u>19,756</u>	<u>4,088</u>	<u>4,501</u>
Financial Liabilities				
Trade and other payables and lease liabilities	<u>9,325</u>	<u>8,593</u>	<u>1,005</u>	<u>1,138</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

5 (LOSS)/PROFIT BEFORE TAX

5.1 Significant items

	GROUP			
	6 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Expenses				
Interest on leases	6	4	10	7
Depreciation and amortisation	428	427	832	850
Allowance on impairment of trade receivables	53	195	53	195
Bad debts written off	7	-	7	-
Inventory written off and obsolete inventories	81	28	123	68
Foreign exchange (gain)/loss	(25)	115	42	124

5.2 Other income

	GROUP			
	6 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Rental income	297	266	588	537
Government grant	2	4	3	5
Interest income	62	57	128	109
Reversal of allowance on impairment of trade receivables	14	24	14	36
Gain on disposal of property, plant and equipment	35	23	36	31
Others	144	54	268	149
	<u>554</u>	<u>428</u>	<u>1,037</u>	<u>867</u>

5.3 Related party transactions

In addition to the related party information disclosed elsewhere in the condensed financial statements, the following transactions with related parties took place at term agreed between the parties during the financial year:

	GROUP		COMPANY	
	12 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Purchases from				
- Associates	11,499	13,856	1,259	1,817
- Related parties	8,046	7,563	10	10
- Subsidiary	-	-	70	54
Dividend received from subsidiaries	-	-	987	1,369

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

6 INCOME TAX EXPENSE

	GROUP			
	6 months ended		12 months ended	
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	\$'000	\$'000	\$'000	\$'000
Current taxation				
- Malaysian tax	204	223	406	584
- tax deducted at source	1	1	2	2
Deferred taxation	18	(36)	18	(36)
Prior year's taxation	3	(9)	3	(8)
	<u>226</u>	<u>179</u>	<u>429</u>	<u>542</u>

7 DIVIDEND

	GROUP AND COMPANY	
	12 months ended	
	31 July 2024	31 July 2023
	\$'000	\$'000
Ordinary dividend paid:		
Final tax exempt one-tier dividend of \$0.01 per ordinary share (2023: Final tax exempt one-tier dividend of \$0.02 per ordinary share)	<u>258</u>	<u>516</u>

8 NET ASSET VALUE

	GROUP		COMPANY	
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	\$	\$	\$	\$
Net asset value per ordinary share	<u>2.07</u>	<u>2.15</u>	<u>1.40</u>	<u>1.42</u>

9 INVESTMENT PROPERTY

The Group's and the Company's investment property is held for long-term rental yields and/or capital appreciation. Investment property is leased to third parties under operating leases.

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

9 INVESTMENT PROPERTY – *cont'd*

	GROUP AND COMPANY	
	31 July 2024 \$'000	31 July 2023 \$'000 (Restated)
Cost		
Balance at beginning and end of financial year	11,249	11,249
Accumulated Depreciation		
Balance at beginning of financial year	713	566
Charge for the financial year	147	147
Balance at end of financial year	<u>860</u>	<u>713</u>
Carrying Amount		
As at 31 July	<u>10,389</u>	<u>10,536</u>
Fair Value		
As at 31 July	<u>23,300</u>	<u>23,000</u>

9.1 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the investment property every five year or when necessary.

The fair value of the investment property is determined based on significant unobservable inputs and is categorized under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the market value approach where the valuation is based on the highest value at which the sale interest in property might reasonably be expected at the date of valuation.

The investment property was appraised on 31 July 2024 by an independent valuer, Edmund Tie & Company (SEA) Pte Ltd at a fair value of \$23,300,000.

10 INVESTMENTS IN ASSOCIATES

	GROUP	
	31 July 2024 \$'000	31 July 2023 \$'000
Unquoted equity investment, at cost		
Balance at end of financial year	13,535	13,535
Share of post-acquisition reserves	13,599	14,366
Share of capital reserve	34	53
Foreign currency translation reserve	<u>(8,068)</u>	<u>(7,887)</u>
	<u>19,100</u>	<u>20,067</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

10 INVESTMENTS IN ASSOCIATES – *cont'd*

Movements for share of post-acquisition reserves:

	GROUP	
	31 July 2024 \$'000	31 July 2023 \$'000
Balance at beginning of financial year	14,366	14,625
Share of results	(458)	74
Dividend received	(309)	(333)
Balance at end of financial year	<u>13,599</u>	<u>14,366</u>

Details of the associates as at 31 July 2024 and 31 July 2023 are as follows:

Name of company	Principal activities	Place of incorporation/ business	Percentage of equity held %
<u>Held by the Company</u>			
SGProtein Pte. Ltd.	Manufacturing of plant-based protein products and research and experimental development on food science.	Singapore	30.00
<u>Held by Tau Meng Investments Pte Ltd</u>			
United Malayan Flour (1996) Sdn. Bhd.	Milling and trading of wheat flour and related products	Malaysia	30.00

11 SHORT-TERM INVESTMENTS

	GROUP	
	31 July 2024 \$'000	31 July 2023 \$'000
Balance at beginning of financial year	1,787	1,737
Purchases	-	3
Disposal	-	(10)
Unrealised (loss)/gain in fair value	(184)	57
Balance at end of financial year	<u>1,603</u>	<u>1,787</u>
Other net changes in fair value on financial assets at FVPL:		
Gain on sale of short-term investments, realised	-	-
Fair value (loss)/gain on short-term investments, unrealised	(184)	57
	<u>(184)</u>	<u>57</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

12 TRADE RECEIVABLES

	GROUP		COMPANY	
	31 July 2024 \$'000	31 July 2023 \$'000	31 July 2024 \$'000	31 July 2023 \$'000
Trade receivables:				
- Third parties	12,352	11,484	306	451
- Related parties	55	180	-	-
	<u>12,407</u>	<u>11,664</u>	<u>306</u>	<u>451</u>
Less:				
Allowance on impairment of trade receivables	<u>(393)</u>	<u>(365)</u>	<u>-</u>	<u>-</u>
	<u>12,014</u>	<u>11,299</u>	<u>306</u>	<u>451</u>

	GROUP	
	31 July 2024 \$'000	31 July 2023 \$'000
Movement in allowance accounts:		
Balance at the beginning of the financial year	(365)	(228)
Allowance made	(53)	(195)
Allowance written back	14	36
Bad debts written off	7	5
Currency translation difference	<u>4</u>	<u>17</u>
Balance at the end of the financial year	<u>(393)</u>	<u>(365)</u>

13 SHARE CAPITAL

	GROUP AND COMPANY	
	31 July 2024 \$'000	31 July 2023 \$'000
Issued and fully paid 25,812,520 (2024: 25,812,520) ordinary shares	<u>33,279</u>	<u>33,279</u>

The Company did not hold any treasury shares as at 31 July 2024.

The Company's subsidiaries do not hold any shares in the Company as at 31 July 2024 and 31 July 2023.

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – *cont'd*

14 BORROWINGS

	GROUP	
	31 July 2024 \$'000	31 July 2023 \$'000
Amount repayable within one year or on demand		
Secured	-	-
Unsecured	-	-
Amount repayable after one year		
Secured	-	-
Unsecured	-	-

The bank overdrafts facilities and other credit facilities are secured by way of fixed charges on a subsidiary company's landed properties and are also guaranteed by the Company.

15 PRIOR YEAR ADJUSTMENTS

Certain reclassifications have been made to the prior year's financial statements to reflect the correction of classification of certain balances in the financial statement previously issued.

As a result of the restatement to the comparative figure due to the reclassifications, certain line items have been amended on the statements of financial position and related notes to the financial statements.

Summary of the significant accounts before and after the restatement is as follows:

Statement of Financial Position

As at 31 July 2023	Balance as previously reported \$'000	Reclassification \$'000	Balance as restated \$'000
Group			
Non-current assets			
Property, plant and equipment	3,851	2,462	6,313
Investment property	12,998	(2,462)	10,536
Company			
Non-current assets			
Property, plant and equipment	625	2,462	3,087
Investment property	12,998	(2,462)	10,536

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

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of Khong Guan Limited and its subsidiaries as at 31 July 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

	12 months ended		
	31 July 2024 \$'000	31 July 2023 \$'000	(Decrease)/ Increase \$'000
Revenue			
Tong Guan Food Products Sdn. Bhd. ("TGF")	41,684	41,210	474
Swee Hin Chan Company Sdn. Berhad. ("SHC")	26,933	28,729	(1,796)
Others	1,542	1,977	(435)
	<u>70,159</u>	<u>71,916</u>	<u>(1,757)</u>

Between August 2023 and July 2024, Malaysia's economy experienced steady growth, primarily fueled by strong domestic demand and strategic investments. However, this progress was offset by inflationary pressures and global uncertainties that exacerbated living costs. Additionally, businesses contended with challenges such as increasing operational expenses, labour shortages, and the depreciation of the ringgit, which strained import activities.

Due to the challenging market conditions impacting the Group's subsidiaries, turnover decreased by 2% to \$70,159,000 (FY2023: \$71,916,000).

TGF's revenue grew modestly by 1% to \$41,684,000 (FY2023: \$41,210,000), largely driven by improved sales across most product categories, particularly F&N® and Khong Guan® products. However, this revenue increase was partially offset by the weaker Malaysian Ringgit against the Singapore Dollar. TGF's profit after tax decreased to \$949,000 (FY2023: \$1,253,000), primarily due to reduced gross profit margins and higher operating costs associated with the establishment of a new warehouse and office in Kota Marudu, Sabah.

SHC's revenue decreased by 6% to \$26,933,000 (FY2023: \$28,729,000), primarily due to weak demand for its wheat flour and starch products, coupled with intense price competition. SHC's profit after tax decreased to \$47,000 (FY2023: \$328,000) due to lower gross profit margins resulting from higher import costs and a highly competitive market environment.

The share of results from associates, net of tax, recorded a loss of \$458,000 (FY2023: profit of \$74,000), due to losses incurred by United Malayan Flour (1996) Sdn Bhd and its subsidiaries, and SGProtein Pte Ltd.

Due to the challenging conditions faced by its subsidiaries and associates throughout the year, the Group recorded a pre-tax loss of \$772,000 compared to a pre-tax profit of \$486,000. As a result, after-tax loss expanded to \$1,201,000 compared to a loss of \$56,000 in the previous year.

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

Not applicable

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

At the date of this announcement, several significant trends and competitive conditions are shaping the industry in which the Group operates:

- 1. Strengthening of the Malaysian Ringgit:** The recent recovery of the Malaysian Ringgit is a favorable development for the Group. A stronger Ringgit helps reduce import costs, particularly for raw materials and goods priced in foreign currencies, which will likely support margin improvements in the coming months.
- 2. Geopolitical Tensions:** Ongoing geopolitical uncertainties and conflicts in Ukraine and the Middle East remain a significant concern. Disruptions to global supply chains and heightened market volatility could impact both input costs and export demand, which might present risks to the Group's operations.
- 3. Consumer Sentiment Recovery:** Positive signs of a rebound in consumer confidence are emerging, which bodes well for the Group's sales, particularly in its fast-moving consumer goods (FMCG) segment.
- 4. Global Commodity Prices:** Fluctuations in commodity prices over the next 12 months could impact the Group's performance. Factors such as weather, supply chain disruptions, and geopolitical risks will drive price volatility, making strategic risk management essential to safeguard profitability.

These factors, combined with strategic adjustments, will play a crucial role in shaping the Group's performance in the next 12 months.

5 Dividend Information

5a Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No. This decision was made due to the Company not generating a profit this year. The Board deems it prudent to conserve cash to strengthen the Company's financial position and support future growth initiatives.

5b Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

Name of Dividend	Final
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt

5c Date Payable

Not Applicable

5d Record Date

Not Applicable

6 Interested person transactions

Aggregate value of Interest Person Transactions entered into for the year ended 31 July 2024.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$
Purchases by Khong Guan Limited Group from:			
Chung Ying Confectionery & Food Products Sdn Bhd	Associates of Chew Family*	--	2,508,000
Khong Guan Biscuit Factory (Borneo) Sdn Bhd	Associates of Chew Family*	--	5,167,000
United Malayan Flour (1996) Sdn. Bhd. ('UMF')	Associates of Chew Family*	--	13,849,000
Sales by UMF Group (Associates) to:			
Khian Guan Biscuit Manufacturing Co Sdn Bhd	Associates of Chew Family*	--	557,000
Sunshine Traders Sdn Bhd	Associates of Chew Family*	--	444,000
Corporate Guarantee to third parties on behalf of :			
Tong Guan Food Products Sdn Bhd	Subsidiary of Khong Guan Limited	2,289,000 (RM7,870,000)	

* As defined in the Shareholders' mandate for Interested Person Transactions

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in appendix 7.7 under rule 720(1) of the Listing Manual.

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

Please refer to item 2.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chew Soo Lin	76	Cousin of Mr Chew Kah Chuan Uncle of Mr Chew Kian Boon Daniel and Mr Chew Kian Hong Michael Director of Cepheus Corporation Pte Ltd, Khong Guan Development Pte Ltd and Khong Guan Group Pte Ltd, which are substantial shareholders	Chairman of the Board (Since 23.08.2007) Leadership and managing the business of the Board, including strategic matters of the Group.	Nil
Chew Kian Boon Daniel	49	Nephew of Mr Chew Soo Lin and Mr Chew Kah Chuan Brother of Mr Chew Kian Hong Michael	Executive Director (Since 25.02.2016) Oversees the company's daily operation as well as managing procurement of raw materials, shipping and logistics.	Nil
Chew Kian Hong Michael	44	Nephew of Mr Chew Soo Lin and Mr Chew Kah Chuan Brother of Mr Chew Kian Boon Daniel Director of Khong Guan Group Pte Ltd, which is a substantial shareholder	Managing Director of a subsidiary company, Tong Guan Food Products Sdn Bhd. (effective 01.08.2024) Responsible for business operations and development.	Nil
Chew Kah Chuan	74	Cousin of Mr Chew Soo Lin Uncle of Mr Chew Kian Boon Daniel and Mr Chew Kian Hong Michael Director of Kah Hong Pte Ltd, Khong Guan Development Pte Ltd and Khong Guan Group Pte Ltd, which are substantial shareholders	Chairman of a subsidiary company, Tong Guan Food Products Sdn Bhd. (effective 01.08.2024) Managing Director of a subsidiary company, Swee Hin Chan Co Sdn Bhd. (effective 01.08.2024) Responsible for setting overall corporate strategy, planning and business development of both subsidiaries.	NIL

10 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	258	516
Preference	-	-
Total	258	516

11 Negative Assurance

The Board of Directors hereby confirms to the best of their knowledge that nothing has come to their attention which may render the financial statements for the year ended 31 July 2024 to be false or misleading in any material aspect.

12 Other information

Other receivables increase due to advance payments for goods and pallets and rental deposit paid for a new warehouse.

Other payables increase due to advance payments received from customers.

By Order of the Board
Chew Kian Boon Daniel
Executive Director
27 September 2024