



KEONG HONG HOLDINGS LIMITED

Incorporated in the Republic of Singapore
(Company Registration Number: 200807303W)

MATERIAL VARIANCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the board of directors (the “**Board**”) of Keong Hong Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that subsequent to the release of FY2021 Unaudited Financial Statements, certain adjustments and reclassifications were made following the finalisation of the audit by the independent auditor, BDO LLP.

The details and explanation of the variances between FY2021 Audited Financial Statements and FY2021 Unaudited Statements are set out below.

Consolidated Statement of Comprehensive Income

	FY2021				Note
	Audited S\$'000	Unaudited S\$'000	Variances		
			S\$'000	%	
Revenue	76,952	85,344	(8,392)	(9.8)	1
Cost of sales	(69,464)	(81,427)	11,963	(14.7)	2
Other income	7,398	10,354	(2,956)	(28.5)	3
Administrative expenses	(19,476)	(19,749)	273	(1.4)	4
Reversal/(Loss) allowance on financial assets					
- trade and other receivables	(210)	263	(473)	>100	5
- contracts assets	(703)	(513)	(190)	37.0	6
- long-term interests	2,990	-	2,990	n.m.	3
Other expenses	(686)	(1,405)	719	(51.2)	7
Share of results of joint ventures, net of tax	(2,835)	1,162	(3,997)	n.m.	8
Share of results of associates, net of tax	(5,853)	(5,459)	(394)	7.2	9
Income tax expense	(2,573)	(2,187)	(386)	17.6	10
Loss for the financial year	(20,180)	(19,337)	(843)	4.4	11
Other comprehensive income					
Exchange differences on translating foreign currency	(162)	(154)	(8)	5.2	12

Notes

1. Revenue decreased by S\$8.4 million as a consequence of contract costs adjustments as in Note 2c and exclusion of costs that do not form part of costs incurred for the determination of percentage of completion based on the input method.

2. Cost of sales decreased by S\$12.0 million due to the effects of the following
 - a. S\$0.6 million increase due to a reclassification adjustment from administrative expenses and other expenses to cost of sales.
 - b. S\$1.7 million decrease due to overprovision of unavoidable costs of meeting the obligations of onerous contracts.
 - c. S\$10.9 million decrease due to over-accrual of contract costs.
3. Other income decreased by S\$3.0 million due to reclassification adjustment from other income to reversal of loss allowance on long-term interests.

Correspondingly, reversal of loss allowance on financial assets for long-term interests of S\$3.0 million was recorded.
4. Administrative expenses decreased by S\$0.3 million due to reclassification adjustment from administrative expenses to cost of sales as set out per Note 2a.
5. Allowance on financial assets for trade and other receivables increased by S\$0.5 million attributable to increase in expected credit loss.
6. Allowance on financial assets for contract assets increased by S\$0.2 million due to adjustment for loss allowance.
7. Other expenses decreased by S\$0.7 million due to reclassification to cost of sales of S\$0.3 million and reversal of loss allowance of S\$0.4 million for investment in joint venture.
8. Share of results of joint ventures reversed from a gain of S\$1.2 million to a loss of S\$2.8 million mainly attributable to the revision of construction contracts cost information subsequent to 29 November 2021 where provision for onerous contract was not previously provided by the joint venture partner.
9. Share of loss of associates increased by S\$0.4 million following the completion of the associate's audit by their auditors.
10. Income tax expense increased by S\$386,000 mainly attributable to de-recognition of deferred tax asset amounted to S\$524,000. The increase was partially offset by decrease in current income tax as a result of lower profitability.
11. Due to the cumulative effects as explained in Notes 1 to 11.
12. Exchange differences on translating foreign operation increased by S\$8,000 due to audit adjustments.

Group Consolidated Statement of Financial Position

	FY2021				Note
	Audited S\$'000	Unaudited S\$'000	Variances S\$'000	%	
Deferred tax assets	67	591	(524)	(88.7)	13
Inventories	836	1,172	(336)	(28.7)	14
Contract assets	35,443	41,890	(6,447)	(15.4)	15
Trade and other payables	28,327	37,943	(9,616)	(25.3)	16
Provisions	14,119	12,734	1,385	10.9	17
Deferred income	-	54	(54)	(100)	18

13. Reduction of S\$0.5 million arising from re-assessment of prior year deferred tax assets.
14. Inventories decreased by S\$0.3 million due to reclassification of uninstalled materials from inventories to contract assets.
15. Contract assets decreased by S\$6.4 million as a result of revenue adjustment as stated in Note 1 as well as additional loss allowance partially offset by reclassification as stated in Note 14.
16. Trade and other payables decreased by S\$9.6 million as a consequence of adjustment to cost of sales as stated in Note 2.
17. Provisions increased by S\$1.4 million attributed to the revision of cost information of the joint venture contract.
18. Deferred income of S\$54,000 reclassified to Trade and other payables.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary

1 March 2022