KHONG GUAN
LIMITED


# ANNUAL REPORT 2024

# Contents

# CORPORATE INFORMATION

## Directors

Chew Soo Lin (Chairman)
Chew Kian Boon Daniel
Chew Kian Hong Michael
Tan Tiong Huat Alex (Lead Independent Director)
Yeo Jih-Shian
Hew Moh Yung
Tan Khiaw Ngoh

## Audit Committee

Tan Tiong Huat Alex (Chairman)
Yeo Jih-Shian
Hew Moh Yung
Tan Khiaw Ngoh

## Nominating Committee

Yeo Jih-Shian (Chairman)
Tan Tiong Huat Alex
Hew Moh Yung

## Remuneration Committee

Hew Moh Yung (Chairman)
Tan Tiong Huat Alex
Tan Khiaw Ngoh

## Company Secretary

Nor Hafiza Alwi

## Registered Office

2 MacTaggart Road #03-01
Khong Guan Building
Singapore 368078
Telephone No. 62822511
Fax No. 62855868
www.khongguanlimited.com

## Auditor

Forvis Mazars LLP
(formerly known as Mazars LLP)
Public Accountants and
Chartered Accountants
135 Cecil Street #10-01
Singapore 069536
Audit Partner: Ouyang Yang, Victor
(Appointed since financial year ended 31 July 2024)

## Registrar

B.A.C.S. Private Limited
77 Robinson Road #06-03
Robinson 77
Singapore 068896

## Bankers

Standard Chartered Bank
DBS Bank Ltd
RHB Bank Berhad

# CHAIRMAN'S STATEMENT FOR FY2024

The past year has presented a range of challenges for Khong Guan Limited and its subsidiaries, driven by various market and economic factors. Despite these difficulties, we remain focused on adapting our strategies to strengthen the Group's position and enhance performance.

## Review of Operations

During FY2024, the Group experienced a 2% decline in turnover to $70,159,000, mainly due to weakened demand and intense price competition in Malaysia, particularly affecting our wheat flour and starch businesses.

Our subsidiary, Tong Guan Food Products Sdn. Bhd. ("**TGF**"), saw a modest 1% growth in revenue to $41,684,000, largely due to increased sales across most product categories. However, this gain was partially offset by the depreciation of the Malaysian Ringgit against the Singapore Dollar.

Conversely, Swee Hin Chan Company Sdn. Berhad ("**SHC**"), our Penang-based subsidiary, reported a 6% decline in revenue to $26,933,000, mainly due to reduced demand for its wheat flour and starch products, as well as heightened price competition.

Our associates contributed a net loss of $458,000, primarily due to losses incurred by United Malayan Flour (1996) Sdn Bhd and its subsidiaries, as well as SGProtein Pte Ltd.

As a result, the Group posted a pre-tax loss of $772,000, compared to a pre-tax profit of $486,000 in the previous year. This led to an after-tax loss of $1,201,000, compared to a loss of $56,000 in FY2023.

## Prospects

Looking ahead, several trends and competitive pressures are shaping the industry in which we operate. The recent recovery of the Malaysian Ringgit is a positive development, which will help lower import costs and potentially improve margins. However, ongoing geopolitical uncertainties, particularly in Ukraine and the Middle East, remain concerns as they could impact input costs and export demand.

We are encouraged by early signs of a recovery in consumer confidence, which may drive stronger sales in our fast-moving consumer goods (FMCG) segment. However, volatility in commodity prices over the coming year could impact our performance, making effective risk management a top priority to protect profitability.

## Dividend

In light of the challenging financial results, the Board has decided not to recommend a dividend for the current financial period. This decision reflects our commitment to preserving cash, strengthening the Group's financial position, and ensuring we are well-positioned for future growth.

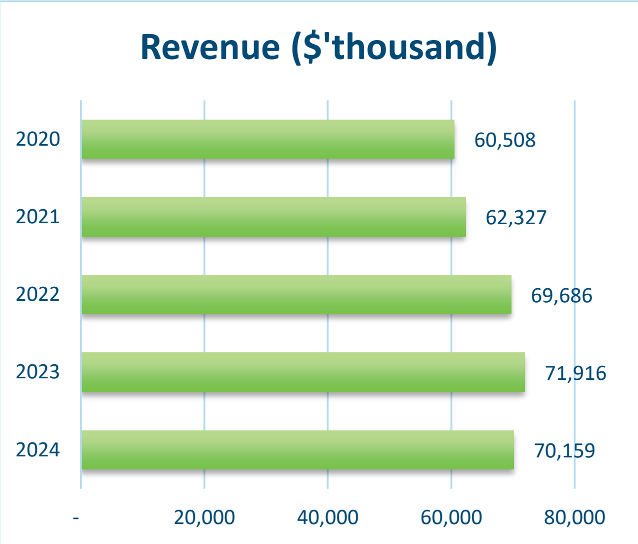
## Acknowledgements

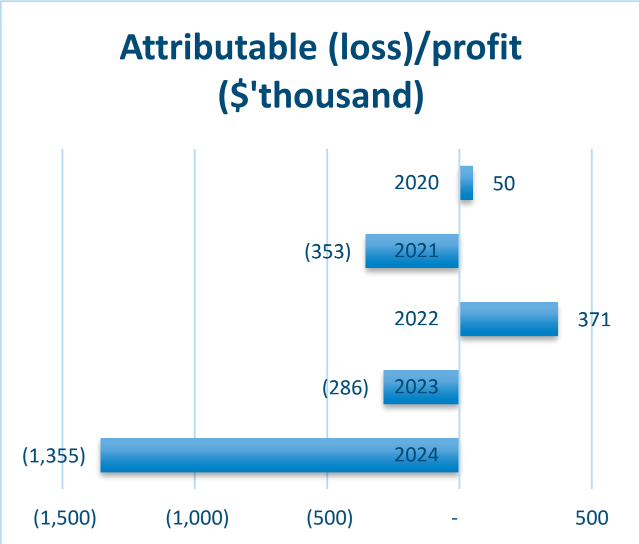
On behalf of the Board, I would like to express our gratitude to our shareholders, customers, and business partners for their continued support. I would also like to thank the Management and staff for their hard work and dedication during these challenging times, as we continue to develop and expand our business.

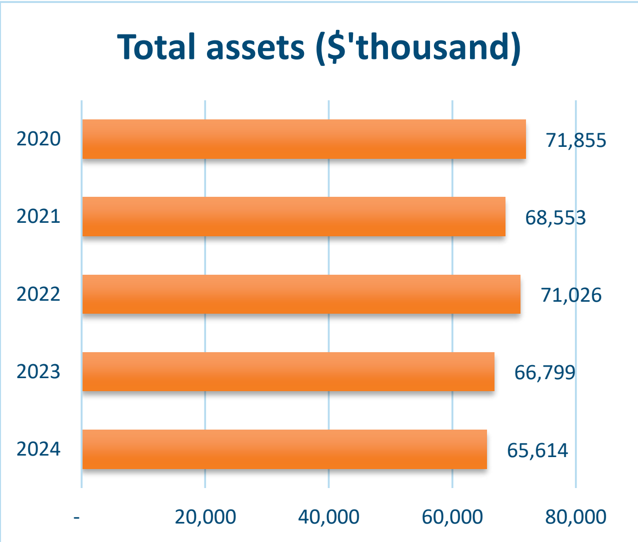
**Chew Soo Lin**
**Chairman**

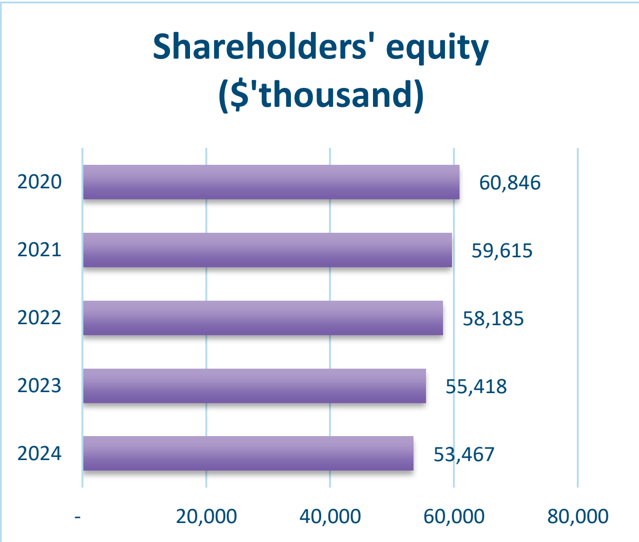
# GROUP FINANCIAL HIGHLIGHTS

| ($'thousand) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Revenue | 70,159 | 71,916 | 69,686 | 62,327 | 60,508 |
| Attributable (loss)/profit | (1,355) | (286) | 371 | (353) | 50 |
| Total assets | 65,614 | 66,799 | 71,026 | 68,553 | 71,855 |
| Shareholders' equity | 53,467 | 55,418 | 58,185 | 59,615 | 60,846 |

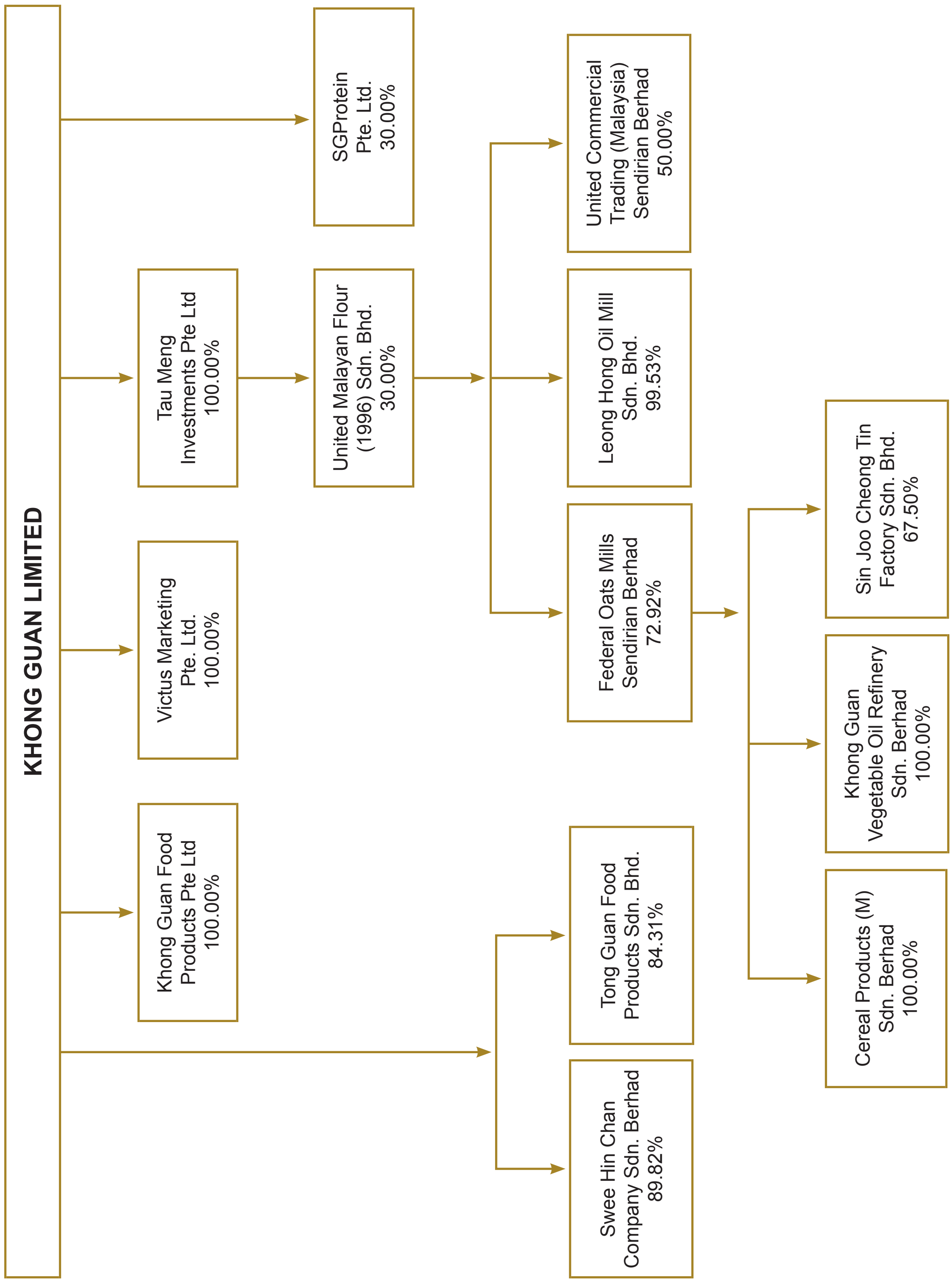


# GROUP STRUCTURE



# CORPORATE GOVERNANCE

## INTRODUCTION

Khong Guan Limited (the "**Company**") and together with its subsidiaries (the "**Group**") is committed to maintaining good corporate governance in accordance with the principles and provisions set out in the revised Code of Corporate Governance 2018 issued on 6 August 2018 (the "**Code**") and the new requirements implemented by SGX-ST effective from 11 January 2023.

This report outlines the Company's corporate governance processes and practices that were in place during the financial year ended 31 July 2024 ("**FY2024**"), with specific reference made to the principles and provisions of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**'') and the new requirements implemented by the SGX-ST effective from 11 January 2023, where applicable to the Company. The Company strives to comply with the provisions set out in the Code and the Guide, and where it has deviated from the Code and/or the Guide, appropriate explanations are provided. The Company also ensures that all applicable laws, rules and regulations, including the Companies Act 1967 ("**Act**") Securities and Futures Act 2001 of Singapore ("**Securities and Futures Ac**t") and the SGX-ST Listing Manual ("**Listing Rules**"), are duly complied with.

The Board of Directors (the "**Board**") is pleased to confirm that for FY2024, the Company and the Group have adhered to the principles and provisions as outlined in the Code. Where there are deviations from the provisions of the Code, the Company has provided reasons and explanations on the Company's practices.

## BOARD MATTERS

### PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

### Provision 1.1: Role and Duties of the Board

The principal functions of the Board are to provide guidance and to decide on certain important matters, including those involving the review and approval of strategic plans, directions and policies, to review the Group's performance, to review the adequacy and integrity of internal controls, and to approve material acquisitions and disposals of assets. The Board assumes responsibilities for good corporate governance and is responsible for setting the right "tone from the top" in setting its policies and decisions to ensure that the corporate values and ethical standards are observed and proper accountability throughout the Group and that obligations to its shareholders and other stakeholders are clearly understood and met while ensuring the reputation of the Group is being upheld. In setting strategic objectives, the Board has also considered environmental, social and governance ("**ESG**") factors, to ensure sustainability of the Group's business.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries and make decisions in the interests of the Company.

### Conflict of Interest

Internal guidelines have been established which requires all Board members who have a potential conflict of interest in a particular agenda item to recuse themselves from the discussion involving the relevant Board discussion. This policy also applies to all Board Committees.

### Provision 1.2: Board Orientation, Training and Update

All Directors are appointed to the Board by way of formal letter of appointment which sets out among others, their roles, obligations, duties and responsibilities as a member of the Board.

The Management (comprising the Executive Directors and Key Management Personnel) briefs new Directors on the Group's business and strategic directions, as well as governance practices. This briefing could also include video conferencing with relevant managers and online videos of the Group's facilities to ensure that they are familiar with the Group's businesses, directions and policies. Site visits will also be arranged if necessary.

The Management will monitor new laws, regulations and commercial development when they become available and will keep the Board informed accordingly. The Directors are also kept abreast of developments which are relevant to the Group, which have important bearing on the Group and the Directors' obligations to the Group, from time to time.

For any first-time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to attend relevant training courses organised and conducted by the Singapore Institute of Directors pursuant to the Listing Rules and Practice Note 4D of the Listing Rules within one year from the date of his/her appointment, in connection with his/her duties and in order to acquire relevant knowledge of what is expected of a listed company director. Such trainings will be funded by the Company.

As a first-time Director of SGX-ST listed company, Mr Chew Kian Hong Michael who was appointed on 1 October 2024 will be completing the SGX-ST prescribed First-Time Director mandatory training within one year from the date of his appointment.

The Directors are encouraged to attend appropriate or relevant courses, conferences and seminars and receive training to improve themselves in the discharge of their duties and responsibilities.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company and the external auditor updates the AC and the Board on new and revised financial reporting standards as and when these are issued.

As at the date of this report, with the exception of Mr Chew Kian Hong Michael, who was recently appointed on 1 October 2024, all Directors have completed the mandated sustainability training course as required by the enhanced SGX sustainability reporting rules announced in March 2022. Mr Chew Kian Hong Michael will complete the mandated sustainability training in due course.

### Provision 1.3: Internal guidelines on matters requiring Board's approval

Matters which are specifically reserved to the Board for decision-making include those involving (1) the review and approval of strategic plans, (2) directions and policies, (3) material acquisitions or joint ventures or investments and disposals of assets, (4) authorisation of banking facilities and corporate guarantees, (5) corporate or financial restructuring, (6) share issuances, (7) dividends and other returns to shareholders, (8) public announcements to be released via SGXNet, including half-yearly and full year financial announcements and (9) any matters relating to the Company's Annual General Meeting ("**AGM**"), Board and Board Committees.

# CORPORATE GOVERNANCE

### Provision 1.4: Delegation of Authority to Board Committees

To facilitate effective management, the Board has delegated certain functions to the Board Committees namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively referred to as "**Board Committees**"). The Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to enhance the effectiveness of these Board Committees. The Board accepts that while these Board Committees have the authority to examine specific issues which are spelt out in the terms of reference of the respective Board Committees and that they will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

As at the date of this report, the composition of the Board Committees are as follows:

| | | |
|---|---|---|
| **AUDIT COMMITTEE** | | |
| Tan Tiong Huat Alex | Chairman | Lead Independent Director |
| Yeo Jih-Shian | Member | Independent Director |
| Hew Moh Yung | Member | Independent Director |
| Tan Khiaw Ngoh | Member | Independent Director |
| **REMUNERATION COMMITTEE** | | |
| Hew Moh Yung | Chairman | Independent Director |
| Tan Tiong Huat Alex | Member | Independent Director |
| Tan Khiaw Ngoh | Member | Independent Director |
| **NOMINATING COMMITTEE** | | |
| Yeo Jih-Shian | Chairman | Independent Director |
| Tan Tiong Huat Alex | Member | Independent Director |
| Hew Moh Yung | Member | Independent Director |

### Provision 1.5: Meetings of Board and Board Committees

The Board will meet at least half-yearly and, on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss the performance of the Company, to approve the half-year and full-year results announcements as well as to oversee the business affairs of the Company.

The Constitution of the Company and the terms of reference for each of the Board Committee allow the Directors to participate in Board and Board Committees meetings by teleconference or videoconference means. Directors with multiple Board representations must ensure that sufficient time and attention are given to the affairs of the Company.

The calendar of all the Board and Board Committees meetings are scheduled in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings shall be convened as may be necessary to address any specific significant matters that may arise. Important matters concerning the Company are also put to the Board for its decision by way of written resolutions.

### Provision 1.5: Meetings of Board and Board Committees (Continued)

The number of Board and Board Committees meetings held in FY2024 and the attendance of Directors during these meetings is as follows:

| | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Total held in FY2024 | 5 | 6 | 2 | 1 |
| Chew Soo Lin | 5 | NA* | NA* | NA* |
| Chew Soo Eng** | 4 | NA* | NA* | NA* |
| Chew Kian Boon Daniel | 5 | NA* | NA* | NA* |
| Tan Tiong Huat Alex | 5 | 6 | 2 | 1 |
| Yeo Jih-Shian | 5 | 4 | 2 | NA* |
| Hew Moh Yung | 5 | 6 | 2 | 1 |
| Tan Khiaw Ngoh | 5 | 6 | NA* | 1 |

* NA – Not applicable
** Mr Chew Soo Eng passed away on 19 May 2024.

In addition to the above formal meetings, the Board and the various Board Committees met informally or as working sessions on numerous occasions during the year.

### Provision 1.6: Access to information

The Management provides the Board with key information that is complete, adequate and in advance prior to meetings and on an on-going basis to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the Company's performance, position and prospects. Key information comprises, among others, properly organized board papers (with background or explanatory information relating to the matters brought before the Board, where necessary), such as management financial statements, interested person transactions reports and explanations on material variances, updates on Company operations and the markets in which the Company operates, budgets and/or forecasts, external audit reports and reports on ongoing or planned corporate actions. Where the situation requires, Directors are entitled to request for additional information from Management and such information are provided to the Directors in a timely manner.

All scheduled Board and Board Committees' meetings are planned in advance of each financial year and meeting papers are normally circulated to the Directors at least one week before the meetings. All Directors have unrestricted access to the Management and free to request for additional information when necessary. This would also enable the Directors to oversee the Group's operational and financial performance more effectively. The Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

The Management and the Company's internal and external auditors, who can provide insight and views on matters under discussion, are also invited from time to time to attend such meetings. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary, together with other management staff of the Company, also ensures that the Company complies with the applicable statutory and regulatory rules.

# CORPORATE GOVERNANCE

### Provision 1.7: Separate and Independent Access to Management and Company Secretary

The Directors have separate and independent access to the Company's Management, the Company Secretary and external advisers (where necessary) at all times. Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties, or where decisions to be taken by the Board require specialised knowledge or expert opinion, the Company will appoint an external professional adviser, subject to approval by the Chairman and the Managing Director ("**MD**"), to render the advice and enable the Directors to discharge their responsibilities effectively. The cost of such independent professional advice will be borne by the Company.

The Company Secretary and/or her representative(s) shall attend all Board and Board Committees meetings. The responsibilities of the Company Secretary include advising the Board on governance matters, facilitating the process of appointment of new Directors and assisting the Chairman of the Board in ensuring information flows within the Board and its Board Committees and between the Management and the Directors. The Company Secretary will also provide the Board with updates on regulations and legislations that the Company is required to comply with, as required.

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Report, the Company is in compliance with Provision 2 of Code.

### Provision 2.1: Independence of Directors

The NC and the Board deliberates annually to determine and assess the independence of each Director in accordance with the guidance provided in the Code as well as Rule 210(5)(d) of the Listing Rules. As set out under the Code, an Independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form was drawn up based on the definitions and guidelines set forth in the Code. The Directors are required to disclose to the Board any such relationship as and when it arises, and the Board will state the reasons if it determines that a Director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination.

The Independent Directors have confirmed their independence in accordance with the Code and Rule 210(5)(d) of the Listing Rules. The NC is of the view that the Independent Directors, as a whole, represent a strong and independent element on our Board, which is able to exercise objective judgement on corporate affairs independently from the Executive Directors. As at the date of this Report, the NC has reviewed the independence status of the Independent Directors and is satisfied that each of them is independent in accordance with Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules.

Each member of the NC has abstained from deliberations in respect of the assessment of his/her own independence.

# CORPORATE GOVERNANCE

### Provision 2.2: Independent Directors comprising Majority of the Board
### Provision 2.3: Proportion of Independent Non-Executive Directors

The Company endeavours to maintain a strong and independent element on the Board with a majority of independent directors. As at the date of this Report, four (4) out of seven (7) present Board members, are Independent Directors. The Company has complied with Provision 2.2 of the Code which requires Independent Directors to make up the majority of the Board where the Chairman is not independent.

The Company has also appointed Mr Tan Tiong Huat Alex as the Lead Independent Director of the Company and he makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman, the MD and/or the Group Accountant has failed to resolve, or where such contact is inappropriate or inadequate. The Lead Independent Director also makes himself available to shareholders at the Company's general meetings.

To facilitate a more effective review of Management, the Independent Directors will communicate, on an ad-hoc basis, without the presence of the Management and Executive Director(s), to discuss Management's performance and any matters of concern. The current Board composition complies with Provision 2.3 of the Code, where Non-Executive Independent Directors make up a majority of the Board.

### Independent Directors serving beyond nine years

There is currently no Independent Director who has served on the Board for more than nine years from the date of his/her first appointment.

### Provision 2.4: Board Composition, Size and Diversity

### Board Composition

As at the date of this Report, the present Board comprises seven (7) members, out of which four (4) are Independent Directors and three (3) are Executive Directors. Independent Directors make up majority of the Board. The present Board comprises the following members:

<u>Executive Directors</u>

Chew Soo Lin
Chew Soo Eng*
Chew Kian Boon Daniel
Chew Kian Hong Michael**

*passed away on 19 May 2024
**appointed as a Director on 1 October 2024

<u>Independent Directors</u>

Tan Tiong Huat Alex (Lead Independent Director)
Yeo Jih-Shian
Hew Moh Yung
Tan Khiaw Ngoh

The current Board, with Independent Non-Executive Directors making up more than half of the Board, provides for a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Group. To further strengthen good corporate governance, as the Chairman is not independent, a Lead Independent Director is appointed.

### Provision 2.4: Board Composition, Size and Diversity (Continued)

The size and composition of the Board are reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge and experience diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of seven (7) Directors and the composition is appropriate and effective, taking into consideration the scope and nature of the Group's operations. No individual or small group of individuals dominate the Board's decision-making.

The Board's objective in its composition is to achieve a good mix of directors with diverse and appropriate professional background and experience to facilitate a robust decision-making process in the best interests of the Company and the Group.

The Directors are from a diverse age group (between 44 and 76) and possess the appropriate balance and mix of skills, knowledge and experience (such as legal, financial, corporate finance and industrial) to guide and assist the Board in its endeavours.

The Board provides diversity of expertise, invaluable experiences and knowledge in areas such as accounting, legal, finance, strategic planning, corporate finance and restructuring, investment, business management and development, risk management, corporate communication, governance and industry knowledge. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board.

As at the date of this Report, the Company has formalised and adopted a Board Diversity Policy (''**Policy**'') that addresses diversity in terms of experience, skills, gender, age, tenure and qualities, as well as any other relevant aspects of diversity. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness – in particular, it believes that a balance and mix skills, experiences and individual attributes of Board members which shape the composition and promote effectiveness of the Board as a whole and that the Board Committees, will support the Company's achievements of strategic objectives and long-term sustainable development and success.

The Board, in concurrence with the NC, is of the view that the current Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

The Company embraces diversity and will consider the benefits of various aspects of diversity, including skills, experience, background, gender, age and other relevant factors in identifying Director nominees.

The Board's policy in identifying directors is primarily to have an appropriate mix and diversity of members with complementary skills, core competencies and experience that could effectively contribute to the Group.

The Board takes the following steps to maintain or enhance the efficacy of its composition:

(a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board;

(b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the potential gaps in the areas of expertise and competencies of the Board; and

(c) when seeking to identify a new Director for appointment to the Board, the NC will request female candidates to be fielded for consideration.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

### Provision 2.4: Board Composition, Size and Diversity (Continued)

As the Group's activities continue to grow, the NC will continually review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity such as professional and commercial experience, gender, age and other relevant qualities.

The Board is of the view that the present Board has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Group.

The Board does not have any alternate Director.

### Provision 2.5: Meeting of Non-Executive Directors

The Independent Directors meet at least once a year or on a need-be basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors as well as to review any other matters that must be raised privately.

## PRINCIPLE 3: ROLE OF CHAIRMAN AND MANAGING DIRECTOR ("MD")

### Provision 3.1: Different roles of Chairman and MD

The Chairman and MD of the Company are separate persons. Mr Chew Soo Lin is the Executive Chairman and the late Mr Chew Soo Eng was the MD and both were cousins. During FY2024, all major decisions made by the Chairman and the late MD were reviewed by the Board. The passing of the late Mr Chew Soo Eng has resulted in a vacancy in the MD position. In the interim, all major decisions of the Company will be made by the Chairman and the other Executive Directors. These decisions will be subject to review by the Board. As the Company has a relatively simple organization structure and the Board is constituted by a majority of Independent Directors, the Board is of the opinion that this arrangement does not undermine the ability of the Board to exercise independent decision making, without any individual exercising any significant concentration of control or authority.

The Company is currently assessing the situation regarding the vacancy of MD position and the shareholders will be updated on the development in due course.

### Provision 3.2: Roles and responsibilities of the Chairman and the MD

The Company aims to ensure a balance of power and authority between the Chairman and the MD with a clear division of responsibility between the running of the Board and the Company's business, respectively. The positions, roles and responsibilities of the Chairman and MD are separate and clearly defined.

### Provision 3.2: Roles and responsibilities of the Chairman and the MD (Continued)

#### Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of the functions of the Board. He is responsible for:

a) Leading the Board in the deliberations of strategic matters of the Group.

b) Ensuring the effective conduct of the Board.

c) Maintaining a relationship of trust with and between the Executive Directors and Non-Executive Independent Directors.

d) Ensuring the provision of accurate, timely and clear information to Directors.

e) Ensuring effective communication with shareholders.

f) Setting the agenda for Board meetings and ensuring that all relevant issues are on the agenda, in consultation with the MD and the Company Secretary.

The Chairman is also responsible for managing the business of the Board to ensure that:

a) All Directors are properly briefed on issues arising at Board meetings.

b) Sufficient time is allowed for the discussion of complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.

c) The issues discussed are forward looking and strategic in nature.

#### MD

All authorities conferred by the Board on the Management will be delegated through the MD. The MD shall be held accountable for his exercising of these authorities. He is responsible for:

a) Ensuring the success of the Company's governance and management functions.

b) Oversee the effective management and the day-to-day operation of the Group's business.

c) Implementing the policies, strategies and decisions adopted by the Board.

d) All authorities conferred by the Board on the Management will be delegated through the MD. The MD shall be held accountable for his exercising of these authorities.

### Provision 3.3: Lead Independent Director

To ensure good corporate governance practice and that there is no concentration of power and authority, the Company has appointed Mr Tan Tiong Huat Alex as the Lead Independent Director. The Lead Independent Director meets at least once annually with other Independent Directors without the presence of Executive Directors and after such meetings, he provides feedback to the Executive Chairman. The Lead Independent Director is also available to shareholders directly, in respect of matters where they have concerns and for which, contact through the normal channels of the Executive Chairman and the MD may not be appropriate or have failed to resolve.

## PRINCIPLE 4: BOARD MEMBERSHIP

### Provision 4.1 and 4.2: Membership and Roles and Responsibilities of the NC

The NC comprises the following three members, including the Chairman are independent and non-executive:

Yeo Jih-Shian (Chairman)
Tan Tiong Huat Alex
Hew Moh Yung

The Lead Independent Director is a member of the NC.

Please refer to Provision 1.4 on the constitution of the Board Committees.

The principal functions of the NC include:

- Electing an Independent Director from amongst them as its Chairman.

- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

- Facilitating Board induction and training of newly appointed Directors.

- Evaluating the balance of skills, knowledge and experience on the Board and in light of this evaluation, prepares a description of the role and capabilities required for a particular appointment of Director.

- Carrying out an annual review of the effectiveness of the Board as a whole; the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors.

- Giving consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company as to what skills and expertise are needed on the Board in the future.

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board to ensure the appropriate Board diversity, balance and size and making recommendations to the Board with regard to any changes.

- Reviewing the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the market place.

- Ensuring that on appointment to the Board, Independent Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of duties and responsibilities and to act in the best interest of the Company.

### Provision 4.3: Selection, Appointment and Re-appointment of Directors

New Directors are at present appointed by way of a Board resolution, after the NC approves their appointment. The NC does not usually but may consider engaging the services of search consultants to identify prospective Board candidates if the need so arises. The NC currently considers recommendations and referrals from other sources, provided the prospective candidates meet the qualification criteria established for the particular appointment.

In considering the appointment of any new Director, the NC ensures that the new Director is aligned with Group's strategic directions and possesses the necessary skills, knowledge and experience that could facilitate the Board in making sound and well-considered decisions.

The selection criterion includes integrity, diversity of gender, competencies, expertise, industry experience and financial literacy.

In evaluating candidates, the NC applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, ethnic groups or gender although these attributes are taken into consideration in deriving a decision

A new director is required to declare if he or she has any adverse track record or are under investigation by the regulators in any of the Boards served before the appointment.

The NC will meet with the selected candidate to assess his/her suitability, before making its recommendations to the Board for its approval.

During FY2025, the Board approved the appointment of Mr Chew Kian Hong Michael as an Executive Director of the Company with effect from 1 October 2024.

### Process of Re-appointment of Directors

Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership from time to time, progressively and in an orderly manner to avoid losing institutional memory.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. A newly appointed Director must also be subject to retirement and re-election at the AGM immediately following his/her appointment. Thereafter, such Director is subject to retirement by rotation once every three years.

All appointments and re-appointments of Directors are first reviewed and considered by the NC before recommending them to the Board for approval.

The NC has recommended the nomination and re-election of the following Directors who are retiring by rotation pursuant to Article 105B and Article 110(a) of the Company's Constitution at the upcoming annual general meeting:

Mr Chew Kian Boon Daniel (Article 105B)
Mr Tan Tiong Huat Alex (Article 105B)
Mr Chew Kian Hong Michael (Article 110(a))

Each member of the NC has abstained from deliberations in respect of his own nomination for re-election.

### Succession Planning for Key Management Personnel ("KMP")

In its long-term drive towards excellence, the Company recognizes the importance of sustainable leadership and succession planning of KMP. The MD of the Company will take charge of the succession planning of the KMP of the Group. The Company follows the prevailing national guidelines for retirement age. To minimize disruptions to the Group's operations, the retired KMP may be hired on a year-to-year basis to provide continuity and orderly replacement of that KMP.

### Provision 4.4: NC to determine Director's independence

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out in the Code as well as all other relevant circumstances and facts. No member of the NC participates in the deliberation in respect of his own status as an Independent Director. Each retiring Independent Director has confirmed that he does not have any relationship with his fellow Directors nor with the Company and its substantial shareholders.

At the date of this Report, the Company does not have any Independent Director who has served for more than nine years from the date of his/her first appointment.

### Provision 4.5: Commitment of Directors sitting on multiple boards

None of the Directors exceeds the maximum number of listed board representations determined by the NC and the Board, which is six (6). Notwithstanding that four (4) of the Directors have multiple listed board representations, the NC is satisfied that these Directors are able to and have been adequately carrying out their duties as Directors of the Company. The relevant Directors' multiple directorships are disclosed in the Directors' profile.

## PRINCIPLE 5: BOARD PERFORMANCE

### Provision 5.1 and 5.2: Board and individual Director Evaluation Process

A review of the Board's performance will be undertaken collectively by the Board as a whole. The Company believes that the Board's performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that the Directors appointed to the Board possess the relevant necessary background, experience, knowledge and skills so that each Director can contribute to the effectiveness of the Board with an independent and objective perspective.

### Board evaluation

The NC Chairman, in conjunction with the Chairman of the Board, conducts an annual assessment of the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director and its Chairman. The assessment comprises self-assessment, Board assessment and peer evaluations.

### Evaluation of individual Director

The performance evaluation of a Director includes his contributions to the development of strategy, availability at Board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and business knowledge and experience which are crucial to the Group's business and operations.

The Company believes that apart from the Directors' fiduciary duties (i.e. acting in good faith, with due diligence and care, and in the best interests of the Company and its shareholders), the Board's key responsibilities are to set strategic directions for the Group and to ensure that the long-term objective of enhancing shareholders' value is achieved.

### Provision 5.1 and 5.2: Board and individual Director Evaluation Proces (Continued)

#### Evaluation of individual Director (Continued)

The NC has reviewed the overall performance of the Board, Board Committees and each Director for FY2024 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to his respective role, including commitment of time for the Board and Board Committee meetings and any other duties in FY2024.

Each member of the NC had abstained from deliberations and assessment in respect of any matters in connection with the assessment of his/her performance or re-appointment as a Director of the Company.

During FY2024, the Company did not engage any external facilitator for Board and Director assessment.

## REMUNERATION MATTERS

### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATI0N POLICIES

### Provision 6.1 and 6.2: Remuneration Committee – Membership and Functions

The RC comprises the following three members who are all Independent Non-Executive Directors:

Mr Hew Moh Yung (Chairman)
Mr Tan Tiong Huat Alex
Ms Tan Khiaw Ngoh

Please refer to Provision 1.4 on re-constitution of the Board Committee.

The principal functions of the RC include:

- Electing an Independent Non-Executive Director from amongst its members as its Chairman.
- Establishing, reviewing and recommending to the Board the remuneration packages of the Executive Directors, and to ensure their remuneration package are aligned with strategies and long-term objectives of the Group.
- Recommending the remuneration for the key management staff and to ensure that the remuneration reflects the responsibilities and commitments that go with it.
- Reviewing and recommending to the Board, for endorsement of guidelines for directors' fees of Non-Executive Directors.
- Reviewing and approving succession plans for key positions.

No Director will be involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberation.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC in establishing the framework of remuneration policies endorsed by the Board for its Executive Directors and KMP aims to be fair, linking rewards to corporate and individual performance.

### Provision 6.3: All Aspect of Remuneration

The Group sets remuneration packages which are in line with the market and sufficient to attract, retain and motivate KMP with adequate experience and expertise to manage the business and operations of the Group.

The RC presently adopts a remuneration policy of fixed and variable components. The fixed component is in the form of a basic salary and the variable component is in the form of a bonus which is linked to the performance of the Group. No Director is involved in deciding his own remuneration.

### Provision 6.4: RC's Access to Advice on Remuneration Matters

The RC from time to time, may seek expert advice on the remuneration of all Directors and KMP. There being no necessity, the RC did not seek the service of an external remuneration consultant in FY2024.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

### Provision 7.1 and 7.2: Remuneration of Executive Directors, KMPs and Non-Executive Directors

Having reviewed and considered the variable components of the Executive Directors and the KMP, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

The Board has also recommended a fixed fee for Independent Non-Executive Directors, which is appropriate and not excessive, taking into account the effort, time spent and responsibilities of each Independent Non-Executive Director. The fees of Independent Non-Executive Directors are subject to shareholders' approval at the AGM.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

Mr Chew Kian Hong Michael, a key management personnel, is the nephew of Board Chairman, Mr Chew Soo Lin and brother of Executive Director, Mr Chew Kian Boon Daniel.

### Provision 7.3: Retention of Directors and KMPs

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding balance between the current and longer term objectives of the Company so as to be able to attract and motivate talents without being excessive and hereby maximise value for shareholders.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

### Provision 8.1 and 8.3: Remuneration of Directors and Top KMP

The Company adopts an overall remuneration policy for employees, comprising a fixed component in the form of a base salary and a variable component in the form of bonus and benefits that is linked to the performance of the Group, the industry and the economy. In reviewing its remuneration policy, the Company generally takes into account compensation and employment conditions within the industry and in comparable companies.

The remuneration components paid to each of the Group's Executive Directors and Independent Non-Executive Directors for FY2024 are set out below:

| Name of Director | Salary $ | Bonus and Benefits $ | Fees $ | Total $ |
|---|---|---|---|---|
| Chew Soo Lin | 232,648 | 80,692 | -- | 313,340 |
| Late Chew Soo Eng | 318,920 | 65,529 | -- | 384,449 |
| Chew Kian Boon Daniel | 141,937 | 33,158 | -- | 175,095 |
| Tan Tiong Huat Alex | -- | -- | 37,000 | 37,000 |
| Yeo Jih-Shian | -- | -- | 23,000 | 23,000 |
| Hew Moh Yung | -- | -- | 23,500 | 23,500 |
| Tan Khiaw Ngoh | -- | -- | 22,500 | 22,500 |

Note: Mr Chew Kian Boon Daniel is the nephew of the Board Chairman, Mr Chew Soo Lin.

### KMP's remuneration

As at the date of this Report, Mr Chew Soo Lin, Mr Chew Kian Boon Daniel and Mr Chew Kian Hong Michael*, who are Executive Directors of the Company are also KMPs of the Group. For FY2024, as a KMP, Mr Chew Kian Hong Michael received the following remuneration:

| Name of KMP | Designation | Salary $ | Bonus and Benefits $ | Fees $ | Total $ |
|---|---|---|---|---|---|
| Chew Kian Hong Micheal | Head of Business Development | 126,100 | 36,978 | -- | 163,078 |

*Note: Mr Chew Kian Hong Michael was appointed as an Executive Director on 1 October 2024.

### Provision 8.2: Employee related to Directors/MD

Mr Chew Kian Hong Michael is the nephew of Board Chairman, Mr Chew Soo Lin and brother of Executive Director, Mr Chew Kian Boon Daniel.

Saved as disclosed above, the Group does not have any employees who are substantial shareholders of the Company, or are immediate family members of a Director, the MD or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 during the financial year.

## ACCOUNTABILITY AND AUDIT

## PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

### Provision 9.1: Nature and Extent of Risks

### Risk Management

The Board is responsible for the governance of risk. The Board ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group adopts a decentralized approach to risk management, whereby the individual heads of business units take ownership and accountability for risks at their respective levels. The individual business units through a detailed key risk register, updates the Board on their operational, financial and compliance risk management system.

The Group operates within a low overall risk range. The Group's lowest risk appetite relates to safety and compliance objectives including health, safety and financial reporting (with almost zero risk tolerance) and marginally higher risk appetite towards its strategic and operational objectives (with low to medium risk tolerance).

Instead of setting a separate board risk committee, the AC has assumed a risk oversight role to assess the risk management as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation, update and maintenance of an adequate and effective risk management and internal control system.

Risk assessment and evaluation has become an essential part of the business planning and monitoring process. The Group has put in place detailed key risk registers on its risk profile which summarizes the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks. The risk assessment report and its detailed key risk registers are reviewed by the AC and the Board annually.

### Internal controls

Internal controls have been implemented to enhance the Group's functions in the areas of finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The system of internal controls and risk management established by the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The internal audit team performs risk assessment and conducts the review of the effectiveness of the Group's internal controls, including financial, operational and compliance controls, information technology and risk management systems for internal audit works. The internal auditor has unfettered access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

### Provision 9.2: Assurance from Chairman and MD

For the financial year under review, the Board has received written assurance from the Chairman and the Executive Director, Mr Chew Kian Boon Daniel:

(a) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management and internal control system in place are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

## PRINCIPLE 10: AUDIT COMMITTEE

### Provision 10.1 and 10.2: AC Composition, Role and Duties

The AC comprises the following members:

Tan Tiong Huat Alex (Chairman)
Yeo Jih-Shian
Hew Moh Yung
Tan Khiaw Ngoh

All members of the AC are independent and non-executive. The AC is able to exercise objective judgement independent from Management and no individual or small group of individuals dominated the decisions of the Board. The Board is satisfied that all members of the AC are appropriately qualified to discharge their responsibilities.

At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The principal functions of the AC include:

- Reviewing the half-yearly and full year financial statements to be issued by the Group with Management and where appropriate, with the Company's external auditor, before their submission to the Board;
- Reviewing the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the external auditor;
- Reviewing the effectiveness and adequacy of the internal audit function and procedures;
- Providing oversight on Group's risk management;
- Making recommendations to the Board on the appointment, re-appointment and/or removal of external auditor and to approve the remuneration and terms of engagement of the external auditor;
- Reviewing the assurance from the Chairman and an Executive Director on financial records and financial statements;
- Reviewing interested person transactions within the scope of Chapter 9 of the SGX-ST's Listing Rules;
- To establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company.

### Provision 10.1 and 10.2: AC Composition, Role and Duties (Continued)

The number of meetings convened by the AC is set out in Principle 1: Provision 1.5: Meetings of the Board and Board Committees. Minutes of the AC meeting was given to the Board members for their information and review.

The Board and the AC are satisfied that the appointments of different auditors for the Group's overseas subsidiaries and associate would not compromise the standard and effectiveness of the Group's audit. The Group has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to its auditors.

To create an environment for open discussion on audit matters, the AC meets with the external and internal auditors, without the presence of the Management, at least once a year.

The AC assesses the external auditor based on factors such as the performance and quality of their audit and the independence of the auditors and recommends their appointment to the Board.

The aggregate amount of fees paid/payable to the external auditor of the Company and subsidiaries for audit services for FY2024 was S$132,973. The non-audit fee paid/payable to the external auditor for FY2024 is insignificant.

### Financial Matters

During the financial year, the AC reviewed the half-yearly and full-year financial statements of the Company and the Group, including announcements relating thereto, released to Shareholders via SGXNet.

In the review of the financial statements for FY2024, the AC discussed with the Management and the external auditor on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to Shareholders under "Key Audit Matters". Following the review, the AC concurred and agreed with the external auditor and the Management on their assessment, judgements and estimates on the Key Audit Matters reported by the external auditor.

The following is the Key Audit Matter raised by the external auditor:

### Provision 10.1 and 10.2: AC Composition, Role and Duties (Continued)

### Financial Matters (Continued)

### KEY AUDIT MATTERS

| Significant Matter | How the AC reviewed this matter and what decisions were made |
|---|---|
| As at 31 July 2024, the Group has trade receivables at amortised cost amounting to $12,013,614 (2023: $11,299,054).<br><br>At each reporting date, the Group identifies trade receivables from third parties that are credit-impaired and measures loss allowance at an amount equal to lifetime expected credit losses ("ECL") using a provision matrix.<br><br>Judgement is required in making assumptions about the risk of default and expected loss rates to determine if adequate loss allowance is made to account for those exposures. | The AC has discussed with Management on the recoverability of the trade receivables taking into consideration whether these trade receivables are active, their credit profiles and their payment history and subsequent payments to assess the recoverability of the trade receivables.<br><br>The AC has also discussed with Management on the computation of the provision matrix used to measure the lifetime expected credit loss allowance for trade receivables, which is estimated based on historical credit loss experience with respect to past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.<br><br>Based on the above, the AC considered this approach and methodology including provision matrix used by Management to arrive at the expected credit loss to be reasonable and appropriate. |

### Provision 10.3: Director who was a Former Partner of the Company's Existing Auditors

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

### Provision 10.4: Internal Audit Function

The Board recognizes the importance of good corporate governance practices and a sound system of internal controls in safeguarding shareholders' investment as well as the Group's assets. With the assistance of the external and internal auditors, the AC conducts annual review of their reports on the system of internal controls and to satisfy that the Group's internal controls are adequate.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports primarily to the Chairman of the AC and has unfettered access to the documents, records, properties and personnel of the Company and of the Group.

The Group's internal audit function has been outsourced to SMS Risk Management Sdn Bhd, an experienced and qualified professional risk management company in Malaysia. This outfit is helmed by a qualified member of the Malaysia Institute of Certified Public Accountants. It has adequate resources to perform its functions effectively and it is independent from the activities that it audits and has appropriate standing within the Group. For FY2024, the AC is satisfied that SMS Risk Management Sdn Bhd had been able to discharge its duties effectively as the internal auditor.

### Provision 10.4: Internal Audit Function (Continued)

The Board, with the concurrence of the AC, is of the opinion that the system of the Company's internal controls, addressing financial, operational, compliance controls, information technology and risk management systems are adequate and effective in FY2024, in meeting the current needs of the Group's business operations.

As there are inherent limitations in any system of internal controls, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has in place an Anti-Bribery & Corruption Policy for its Malaysian subsidiary companies in line with the Malaysian government's anti-corruption requirements and a Whistleblowing Policy where the staff of the Group and third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow–up action. The AC has explicit authority to conduct investigations into any matters within its terms of reference, including full access to and co-operation of the Management, full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has reviewed the whistleblowing policy that the Group has established and is responsible for the oversight and monitoring of whistleblowing. The Company publicly discloses through its website, and clearly communicates with employees, the existence of the whistleblowing policy which is in compliance with Rule 1207(18B) as elaborated below.

(a) The Company has procedures for raising such concerns to the AC Chairman at acchairman@kg.com.sg and has an independent function comprising the AC Chairman and AC members to investigate whistleblowing reports made in good faith;

(b) The Company has clear channels through which staff and other persons may, in confidence, raise their concerns about possible improprieties, fraudulent activities or malpractices within the Company in a responsible and effective manner;

(c) The Company has arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action;

(d) The Company has confidentiality clauses that protect identification of the whistleblower and ensures that the identity of the whistleblower is kept confidential;

(e) The Company is committed to ensuring the protection of the whistleblower against any detrimental and unfair treatment.

For FY2024, there were no complaints, concerns or issues received by the AC.

There were no reported incident, complaints, concerns or issues pertaining to corruption, bribery or whistleblowing received by the AC during FY2024 and until the date of this publication of annual report.

### Provision 10.5: Meeting auditors without the Management

The AC meets with the external auditor and the internal auditor, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

#### Provision 11.1: Opportunity for Shareholders to Participate and Vote at General Meetings

#### 2024 AGM

The forthcoming 2024 AGM will be held physically. The paragraphs below set out the Company's practice for the 2024 AGM which is the usual proceedings adopted by the Company.

Shareholders of the Company will be given the opportunity to communicate their views and encouraged to ask the Directors and the Management questions regarding matters affecting the Company.

The rights of shareholders, including the details of the rules governing voting procedures at general meetings, are contained in the Company's Constitution and are also set out in applicable laws including the Act.

Notices of all general meetings will be announced on SGXNet. The Company will comply with its Constitution, the Act and the Listing Rules in respect of the requisite notice periods for convening general meetings. The notice of an AGM is accompanied by the Company's annual report. Any notice of an extraordinary general meeting will also be accompanied by a circular or letter to shareholders, providing sufficient detail on the proposals to be considered at the meeting.

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and Management questions regarding matters affecting the Company. The external auditor and the Management are also available at the AGM to respond to, and to assist the Directors in responding to shareholders' queries.

Shareholders are encouraged and invited to submit their questions for the AGM within 7 days upon receiving the notice of the AGM, by electronic means. Responses/answers to the questions received from the shareholders will be released to the SGXNet not less than 48 hours prior to the closing date and time for the lodgment of the proxy forms. Shareholders can also raise any question at the AGM.

In accordance with the Company's Constitution, each shareholder may appoint not more than two proxies to attend and vote on their behalf. A proxy need not be a member of the Company.

Shareholders are given the opportunity to participate effectively and vote at the general meetings of shareholders; separate resolutions are also voted on each substantially separate issue.

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Rules of the SGX-ST and the Code. All resolutions at the Company's general meetings are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

Printed copies of the AGM documents will be sent to shareholders. The Annual Report, notice of AGM and proxy form ("**AGM documents**") will also be available to shareholders through electronic means via publication on the company's website and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements. Shareholders are reminded to refer to the Notice of 2024 AGM (which is also advertised in the press) for further details.

### Provision 11.2: Resolutions at General Meetings

The Board ensures that resolutions on substantially separate issues or matters are "unbundled" or are not made inter-conditional on each other but as separate items at general meetings.

### Provision 11.3: Attendance at AGMs

All members of the Board, in particular, the Chairman of the Board and the respective Chairman of the Board Committees and the Management are in attendance at the AGM and other general meetings to assist the Directors in addressing any relevant queries by shareholders. The Company's external auditor is also present at the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

### Provision 11.4: Absentia voting

The Company's Constitution permits voting in absentia by mail, electronic mail or facsimile. However, such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholders' identity is not compromised.

### Provision 11.5: Minutes of meetings

The Company Secretary will prepare minutes of the general meetings held and a copy of such minutes will be made available through its announcement via SGXNet website within one month after the general meetings.

### Provision 11.6: Dividend policy

The Company does not have a fixed dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

In light of the Company's current financial position, the Board of Directors has adopted a prudent approach, opting to conserve resources to support future growth and stability. As a result, no dividend will be declared at the upcoming AGM.

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

### Provision 12.1: Communication with Shareholders

The Company does not practise selective disclosure. The Company ensures an adequate and timely disclosure of all material information to the shareholders. The Company communicates with its shareholders through the Annual Report, AGM, Circulars to Shareholders and announcements through SGXNet. The Company ensures that price-sensitive information is publicly released, and is announced on an immediate basis where required under the Listing Rules of the SGX-ST. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information.

Printed copies of the Notice, Proxy Form, Annual Report and Sustainability Report (Collectively, the "**Documents**") will be sent to members by post. These Documents are also accessible by the members by electronic means via publication on SGX website at the URL https://www.sgx.com/securities/com.

### Provision 12.2 and 12.3: Investor Relations Policy

Even though the Company does not have a specific investor relations policy, the AGMs provide a principal forum for dialogue and interaction with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters.

## PRINCIPLE 13: MANAGING STAKEHOLDER RELATIONSHIPS

### Provision 13.1, 13.2 and 13.3: Engagement with stakeholders

The Company has appropriate channels in place to identify and engage with its material stakeholder groups. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine materials issues for its business.

The Board has overall responsibility for the Group's sustainability issues and exercises oversight of the identification, management and implementation of material environmental, social and governance factors through the Sustainability Steering Committee, via the direction of the Board.

Detailed information on the Group's approach can be found in the "Sustainability Report" attached and the Group's sustainability report published on the Company's Website. This is in line with the Group's commitment to keep the stakeholders and the market abreast of the Group's progress on the sustainability front and in accordance with the Listing Rules.

The Sustainability Report was prepared with reference to the Global Reporting Initiative's Sustainability Reporting Standards and captures the Group's environment, social and governance issues in the year 2024 for all entities in the Group.

The Company maintains a corporate website at www.khongguanlimited.com to communicate and engage with all stakeholders.

## DEALING IN SECURITIES

### (Listing Manual Rule 1207 (19))

Directors and employees have been advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information They are required to report their dealings in the shares of the Company and are advised from time to time not to deal in the Company's shares during certain periods of the year.

Notifications, in accordance with the SGX Rule 1207(19), are issued to all the Directors and employees annually not to deal in the securities of the Company during the period of one month immediately before the announcement of the Group's half year and full year financial statements.

## SUSTAINABILITY REPORTING

In line with the Group's commitment to keep the stakeholders and the market abreast of the Group's progress on the sustainability front and in accordance with the Listing Rules, the Group will issue and upload its Sustainability Report together with this annual report on SGXNet and the Company's website.

The Sustainability Report was prepared with reference to the Global Reporting Initiative's Sustainability Reporting Standards and captures the Group's environment, social and governance issues in the year 2024 for all entities in the Group.

## ADDITIONAL INFORMATION

### INTERESTED PERSON TRANSACTIONS ("IPT") (Listing Manual Rule 907)

The Company has established a procedure for recording and reporting interested person transactions which are to be transacted on normal commercial terms and reviewed by the AC. Details of significant interested person transactions for FY2024 are set out below:

| 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.

## MATERIAL CONTRACTS

Except as disclosed in Note 34 (Related Party Transactions) of the Notes to the Financial Statements and the above Interested Person Transactions, no material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholders, were subsisting at or entered into since the end of the last financial year.

# PROFILE OF DIRECTORS AND KEY EXECUTIVES

## DIRECTORS

### Chew Soo Lin

Mr Chew, who is an Executive Director, was appointed Chairman on 23 August 2007.

Mr Chew qualified as an UK Chartered Accountant on November 1971. He then worked for Arthur Andersen & Co. in Singapore and was promoted to audit manager in 1976. During his tenure with Arthur Andersen he had responsibility for various audits including Caltex (Singapore) Pte Ltd, First National Bank of Chicago Pte Ltd, Orient Leasing Pte Ltd etc. In 1974, he was transferred to work in Arthur Andersen's office in Melbourne, Australia for 5 months. He then joined the Khong Guan Group of Companies in 1978 assuming responsibilities for the financial and general management of various manufacturing and trading companies in Singapore, Malaysia, China, Hong Kong, Indonesia and Thailand. He is currently a Director of several companies in the Khong Guan Group.

Mr Chew was previously the deputy managing director of Khong Guan Holdings Bhd and a director of United Malayan Flour Mills Bhd, both of which were public companies in Malaysia.

Mr Chew is an Independent Director of Asia Pacific Strategic Investment Ltd, Duty Free International Limited and Kim Hin Joo (Malaysia) Berhad.

### Chew Kian Boon Daniel

Mr Daniel Chew was appointed as an Executive Director on 25 February 2016.

Mr Daniel Chew has more than 20 years of experience in flour milling operations. His present assignment includes the group's procurement of raw material, shipping freight and logistics for production planning as well as overseeing the Company's daily operations. He currently also holds a senior managerial position in United Malayan Flour (1996) Sdn. Bhd.

Mr Chew graduated with a business studies degree from University of Hull, UK in 1998.

### Chew Kian Hong Michael

Mr Chew was appointed as an Executive Director on 1 October 2024.

Michael Chew graduated with a Bachelor of Business Management (Cum Laude) from Singapore Management University and has been with Khong Guan Limited since 2006. Over the years, he has developed extensive expertise in business leadership, corporate governance, strategic investments and planning. Currently, Michael Chew serves as the Managing Director of Tong Guan Food Products Sdn Bhd, a key subsidiary of the Khong Guan Limited group, and as Managing Director of United Malayan Flour (1996) Sdn Bhd, an associate of the group. He also sits on the boards of various companies within the group, including subsidiaries held under United Malayan Flour (1996) Sdn Bhd.

In addition to his corporate roles, Michael Chew is an active member of the Malaysian Flour Millers Association, contributing to the industry's growth and development. His experience extends to investments in start-up ventures, particularly in the food manufacturing sector, both under the group and in his personal capacity.

# PROFILE OF DIRECTORS AND KEY EXECUTIVES

### Tan Tiong Huat Alex

Mr Tan was appointed as a Non-Executive and Independent Director on 1 April 2019.

He is the Lead Independent Director and Chairman of the Audit Committee, member of the Remuneration and Nominating Committees.

Mr Tan holds an MBA degree from Nanyang Technological University and Bachelor of Science (Honours) from National University of Singapore. He has been a corporate finance professional since 1994. He has successfully completed numerous initial public offerings and reverse take-overs on the Catalist and Main Board of SGX.

He also advises Catalist-listed companies on compliance with SGX-Catalist Rules. Mr Tan was previously CEO of Canaccord Genuity Singapore Pte Ltd (legacy Collins Steward Pte Limited) between February 2008 to April 2016. He is currently the CEO of ZICO Capital Pte Ltd, a position he held since August 2016. He is also currently a "Chartered Valuer and Appraisor" charter holder. He is also a Non-Executive and Independent Director of Global Invacom Group Limited and Charisma Energy Services Limited.

### Yeo Jih-Shian

Mr Yeo was appointed as a Non-Executive and Independent Director on 1 February 2018. He is the Chairman of the Nominating Committee and a member of the Audit Committee.

Mr Yeo has more than 20 years of experience as a lawyer qualified in New York and Singapore and has been named as a Leading Lawyer by Chambers Global and IFLR. He was previously a Principal at the Singapore member office of a global law firm and led on many international capital markets transactions in the Asia Pacific region. Mr Yeo graduated in 1992 from the University of Oxford.

Mr Yeo also serves on the boards of two charities, HCSA Community Services and the Salvation Army Social Fund.

### Hew Moh Yung

Mr Hew was appointed as a Non-Executive and Independent Director on 25 February 2020. He is the Chairman of the Remuneration Committee and also a member of the Audit and Nominating Committees.

Mr Hew has over 30 years of international management experience in the FMCG industry leading large global companies based in Singapore, Taiwan, Malaysia, Vietnam and Hong Kong. He was Head of Country Management and Vice President of a leading Swiss conglomerate during his 13 year tenure in Hong Kong responsible for Greater China, South Korea and was a Board member of the Swiss Chamber of Commerce in Hong Kong. He was also the Chairman of Eu Yan Sang Hong Kong Ltd from November 2018 to June 2023, and was a Board member of Eu Yan Sang China Ltd and also served on the Supervisory Board of PT Wicaksana Overseas International Tbk. Mr Hew graduated from the National University of Singapore.

Mr Hew is currently an Independent Director of Kim Hin Joo (Malaysia) Berhad.

# PROFILE OF DIRECTORS AND KEY EXECUTIVES

### Tan Khiaw Ngoh

Ms Tan was appointed as an Independent and Non-Executive Director on 31 January 2023. She is a member of the Audit and Remuneration Committees.

Ms Tan graduated with a Bachelor of Commerce (Accountancy), Nanyang University and has more than 35 years in the audit profession and was an audit partner of PricewaterhouseCoopers LLP until her retirement on 30 June 2017. As an audit partner, she was involved in the listing of companies on SGX and NASDAQ and also the audit of these companies.

Ms Tan is currently an Independent and Non-Executive Director, Chairman of Audit and Risk Committee of Singapore Land Group Limited. She is also an Independent and Non-Executive Director of Straco Corporation Limited and a member of the Audit and Risk Committee.

Ms Tan is a Justice of the Peace and a fellow Member of the Institute of Singapore Chartered Accountants.

## KEY MANAGEMENT EXECUTIVES

### Chew Soo Lin
*Please refer to Directors' profile.*

### Chew Kian Boon Daniel
*Please refer to Directors' profile.*

### Chew Kian Hong Michael
*Please refer to Directors' profile.*

# Disclosure of Information on Directors Seeking Re-Election

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Directors nominated for re-election at the forthcoming AGM is set out below

| Name of Director | Chew Kian Boon Daniel | Tan Tiong Huat Alex | Chew Kian Hong Michael |
|---|---|---|---|
| Date of Appointment | 25.02.2016 | 01.04.2019 | 01.10.2024 |
| Date of last re-appointment (if applicable) | 30.12.2021 | 30.11.2022 | Not Applicable |
| Age | 49 | 56 | 44 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Nominating Committee and the Board of Directors have reviewed the qualification and experience of Mr Chew Kian Boon Daniel and considered his appointment to be of benefit to the Company. | The Nominating Committee and the Board of Directors have reviewed the qualification and experience of Mr Tan Tiong Huat Alex and considered his appointment to be of benefit to the Company. | The Nominating Committee and the Board of Directors have reviewed the qualification and experience of Mr Chew Kian Hong Michael and considered his appointment to be of benefit to the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive | Executive |
| Job Title | Executive Director | Independent Director<br>Audit Committee Chairman<br>Nominating Committee Member<br>Remuneration Committee Member | Executive Director<br>Head of Business Development |
| Professional qualifications | Please refer to the respective Director's profiles on page 30 | | |
| Working experience and occupation(s) during the past 10 years | Please refer to the respective Director's profiles on page 30 | | |
| Shareholding interest in the Company and its subsidiaries | 2,000 shares in Khong Guan Limited<br>34,248 shares in Tong Guan Food Products Sdn Bhd (subsidiary) | Nil | 15,600 shares in Khong Guan Limited<br>37,500 shares in Tong Guan Food Products Sdn Bhd (subsidiary) |
| Any relationship (including immediate family relationship(s) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries | Nephew of Board Chairman, Mr Chew Soo Lin<br>Brother of Executive Director, Mr Chew Kian Hong Michael | Nil | Nephew of Board Chairman, Mr Chew Soo Lin<br>Brother of Executive Director, Mr Chew Kian Boon Daniel |
| Conflict of interest (including any competing business) | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company | Yes | Yes | Yes |

# Disclosure of Information on Directors Seeking Re-Election

| | | | |
|---|---|---|---|
| Other Principal Commitments including Directorships | Past (for the last 5 years)<br>Nil<br><br>Present<br>Senior General Manager of United Malayan Flour (1996) Sdn Bhd | Past (for the last 5 years)<br>Nil<br><br>Present<br>ZICO Capital Pte Ltd<br>Global Invacom Group Limited<br>Charisma Energy Services Limited | Past (for the last 5 years)<br>Nil<br><br>Present<br>Managing Director of :<br>United Malayan Flour (1996) Sdn Bhd<br>Federal Oats Mills Sdn Bhd<br>Tong Guan Food Products Sdn Bhd |
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given** | | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |

## Disclosure of Information on Directors Seeking Re-Election

| | | | |
|---|---|---|---|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: | | | |

| | | | |
|---|---|---|---|
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issue any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |
| Any prior experience as a director of a listed company?<br>If yes, please provide details of prior experience.<br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable) | Not applicable<br><br>This is a re-election of a director | Not applicable<br><br>This is a re-election of a director | Not Applicable<br><br>This is a re-election of a director |

# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Khong Guan Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 July 2024 and the statement of financial position of the Company as at 31 July 2024.

## 1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The directors of the Company in office at the date of this statement are:

Chew Soo Lin
Chew Kian Boon Daniel
Tan Tiong Huat Alex
Yeo Jih-Shian
Hew Moh Yung
Tan Khiaw Ngoh
Chew Kian Hong Michael (Appointed on 1 October 2024)

## 3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## 4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations (other than wholly-owned subsidiaries), as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

## 4. Directors' interests in shares or debentures (Continued)

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| Name of directors | At beginning of year | At end of year | At beginning of year | At end of year |
| | Number of ordinary shares | | | |
| **Ordinary shares of the Company Khong Guan Limited** | | | | |
| Chew Soo Lin | 31,000 | 31,000 | - | - |
| Chew Kian Boon Daniel | 2,000 | 2,000 | - | - |
| **Ordinary shares of subsidiary Tong Guan Food Products Sdn. Bhd.** | | | | |
| Chew Soo Lin | 4,000 | 4,000 | - | - |
| Chew Kian Boon Daniel | 34,248 | 34,248 | - | - |

None of the other directors has interest in the shares of the Company or its related corporations.

No debentures have been issued by the Company.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 August 2024.

## 5. Share options

During the financial year, no share options were granted to subscribe for unissued shares of the Company or its subsidiaries.

During the financial year, there were no shares issued by virtue of the exercise of options granted to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

## 6. Audit Committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to external and internal auditors
- Reviewed the half yearly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors

## 6. Audit Committee (Continued)

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following: (Continued)

- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external and internal auditors in a private session, as well as other committees and management in separate executive sessions, to discuss any matters that these groups believe should be discussed with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened six meetings during the year with full attendance from all members, except for two meetings where a member was absent. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## 7. Auditors

The auditors, Forvis Mazars LLP (formerly known as Mazars LLP), have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Chew Soo Lin
Director

Chew Kian Boon Daniel
Director

Singapore
25 October 2024

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KHONG GUAN LIMITED

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Khong Guan Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 July 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2024 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

#### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Overview*

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the significant components, some were audited by component auditors under our instructions and the remaining were audited by us. We determined the component materiality and our level of involvement in the component auditors' audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

## Report on the Audit of the Financial Statements

### *Overview (Continued)*

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For the matter below, our description of how our audit addressed the matter is provided in that context.

| **Impairment of trade receivables (Refer to Note 12 and Note 40)** | |
|---|---|
| **Key Audit Matter** | **Audit Response** |
| As at 31 July 2024, the Group has trade receivables at amortised cost amounting to $12,013,614 (2023: $11,299,054).<br><br>At each reporting date, the Group identifies trade receivables from third parties that are credit-impaired and measures loss allowance at an amount equal to lifetime expected credit losses ("ECL") using a provision matrix.<br><br>Judgement is required in making assumptions about the risk of default and expected loss rates to determine if adequate loss allowance is made to account for those exposures. | Our audit procedures included but were not limited to the following:<br><br>• Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables;<br><br>• Reviewed the accuracy and completeness of the trade receivables aging as at year end, and performed independent checks on the historical collection pattern for customers with past due receivables and the subsequent collection from customers; and<br><br>• Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements. |

### *Other information*

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Report on the Audit of the Financial Statements (Continued)

### *Other information (Continued)*

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Report on the Audit of the Financial Statements (Continued)

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: *(Continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

The financial statements of the Group for the financial year ended 31 July 2023 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 31 October 2023.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ouyang Yang, Victor.

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

Singapore
25 October 2024

## STATEMENTS OF FINANCIAL POSITION
## AS AT 31 JULY 2024

| | Note | GROUP 2024 $ | GROUP 2023 $ (Restated) | COMPANY 2024 $ | COMPANY 2023 $ (Restated) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 6,055,485 | 6,312,840 | 2,982,841 | 3,086,675 |
| Right-of-use assets | 5 | 1,870,818 | 1,967,667 | - | - |
| Investment property | 6 | 10,388,660 | 10,536,038 | 10,388,660 | 10,536,038 |
| Investments in subsidiaries | 7 | - | - | 18,287,368 | 18,287,368 |
| Investments in associates | 8 | 19,100,269 | 20,066,609 | 1,500,000 | 1,500,000 |
| Financial assets at fair value through other comprehensive income | 9 | 243,704 | 245,882 | - | - |
| Deferred tax assets | 23 | 30,532 | 28,529 | - | - |
| **Total non-current assets** | | 37,689,468 | 39,157,565 | 33,158,869 | 33,410,081 |
| **Current assets** | | | | | |
| Inventories | 10 | 8,636,299 | 7,891,924 | - | - |
| Short-term investments | 11 | 1,602,726 | 1,787,158 | - | - |
| Trade receivables | 12 | 12,013,614 | 11,299,054 | 305,212 | 450,525 |
| Other receivables | 13 | 299,009 | 262,534 | 128,361 | 101,743 |
| Tax recoverable | | 374,584 | 135,557 | - | - |
| Amounts owing by a subsidiary | 14 | - | - | 135,300 | 147,800 |
| Amounts owing by an associate | 15 | 750,000 | 750,000 | 750,000 | 750,000 |
| Fixed deposits | 16 | 2,074,416 | 1,772,968 | 2,074,416 | 1,772,968 |
| Cash and bank balances | 17 | 2,173,671 | 3,742,735 | 767,270 | 1,356,407 |
| **Total current assets** | | 27,924,319 | 27,641,930 | 4,160,559 | 4,579,443 |
| **Total assets** | | 65,613,787 | 66,799,495 | 37,319,428 | 37,989,524 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 18 | 33,278,673 | 33,278,673 | 33,278,673 | 33,278,673 |
| Capital reserve | 19 | 262,987 | 282,397 | - | - |
| Foreign currency translation reserve | 20 | (3,253,057) | (2,933,834) | - | - |
| Retained profits | | 23,178,008 | 24,790,882 | 2,786,200 | 3,334,174 |
| **Equity attributable to owners of the Company** | | 53,466,611 | 55,418,118 | 36,064,873 | 36,612,847 |
| **Non-controlling interest** | | 2,490,913 | 2,478,928 | - | - |
| **Total equity** | | 55,957,524 | 57,897,046 | 36,064,873 | 36,612,847 |
| **Non-current liability** | | | | | |
| Lease liabilities | 21 | 68,882 | 88,514 | - | - |
| Provision for retirement benefits | 22 | 248,897 | 230,203 | 248,897 | 230,203 |
| Deferred tax liabilities | 23 | 82,258 | 70,434 | - | - |
| **Total non-current liabilities** | | 400,037 | 389,151 | 248,897 | 230,203 |
| **Current liabilities** | | | | | |
| Trade payables | 24 | 7,721,242 | 7,132,926 | 202,410 | 346,804 |
| Other payables | 25 | 1,459,383 | 1,322,894 | 346,458 | 399,670 |
| Amounts owing to subsidiaries | 14 | - | - | 456,790 | 400,000 |
| Lease liabilities | 21 | 75,601 | 57,478 | - | - |
| **Total current liabilities** | | 9,256,226 | 8,513,298 | 1,005,658 | 1,146,474 |
| **Total liabilities** | | 9,656,263 | 8,902,449 | 1,254,555 | 1,376,677 |
| **Total equity and liabilities** | | 65,613,787 | 66,799,495 | 37.319.428 | 37,989,524 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ (Restated) |
| **Revenue** | 27 | 70,159,456 | 71,915,839 |
| Dividend income | 28 | 42,807 | 41,697 |
| Other net changes in fair value on financial assets at fair value through profit or loss | 11 | (184,432) | 57,471 |
| Other income | 29 | 1,037,163 | 867,139 |
| Changes in inventories | | 803,650 | (620,651) |
| Purchases of inventories | | (64,546,409) | (64,299,460) |
| Employee benefits expense | 30 | (3,908,693) | (3,935,793) |
| Depreciation and amortisation expenses | | | |
| - Property, plant and equipment | 4 | (545,181) | (565,912) |
| - Right-of-use assets | 5 | (139,694) | (136,544) |
| - Investment property | 6 | (147,378) | (147,378) |
| Share of results of associates, net of tax | 8 | (458,225) | 73,942 |
| Finance costs | | (9,912) | (7,134) |
| Other expenses | | (2,874,986) | (2,757,406) |
| **(Loss)/Profit before tax** | 31 | (771,834) | 485,810 |
| Income tax expense | 32 | (429,272) | (541,891) |
| **Loss for the financial year** | | (1,201,106) | (56,081) |
| **(Loss)/Profit for the financial year attributable to:** | | | |
| Equity holders of the Company | | (1,354,749) | (286,069) |
| Non-controlling interests | | 153,643 | 229,988 |
| | | (1,201,106) | (56,081) |
| **Loss per share attributable to equity holders of the Company [in cents]** | | | |
| Basic and diluted | 33 | (5.25) | (1.11) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| **Loss for the financial year** | | (1,201,106) | (56,081) |
| **Other comprehensive 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 | 19 | (19,410) | (1,947) |
| | | (19,410) | (1,947) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Translation differences relating to financial statements of foreign operations | | (340,739) | (2,099,546) |
| | | (340,739) | (2,099,546) |
| **Other comprehensive loss, net of tax** | | (360,149) | (2,101,493) |
| Total comprehensive loss for the financial year | | (1,561,255) | (2,157,574) |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | (1,693,382) | (2,250,937) |
| Non-controlling interests | | 132,127 | 93,363 |
| | | (1,561,255) | (2,157,574) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | Share capital $ | Capital reserve $ | Foreign currency translation reserve $ | Retained profits $ | Total attributable to equity holders of the Company $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|
| **At 1 August 2022** | | 33,278,673 | 284,344 | (970,913) | 25,593,201 | 58,185,305 | 2,548,493 | 60,733,798 |
| (Loss)/Profit for the financial year | | - | - | - | (286,069) | (286,069) | 229,988 | (56,081) |
| Other comprehensive loss for the financial year | | - | (1,947) | (1,962,921) | - | (1,964,868) | (136,625) | (2,101,493) |
| Total comprehensive (loss)/income for the financial year | | - | (1,947) | (1,962,921) | (286,069) | (2,250,937) | 93,363 | (2,157,574) |
| Dividends paid by | | | | | | | | |
| - Company | 34 | - | - | - | (516,250) | (516,250) | - | (516,250) |
| - Subsidiaries to non-controlling interests | | - | - | - | - | - | (162,928) | (162,928) |
| **At 31 July 2023** | | 33,278,673 | 282,397 | (2,933,834) | 24,790,882 | 55,418,118 | 2,478,928 | 57,897,046 |
| (Loss)/Profit for the financial year | | - | - | - | (1,354,749) | (1,354,749) | 153,643 | (1,201,106) |
| Other comprehensive loss for the financial year | | - | (19,410) | (319,223) | - | (338,633) | (21,516) | (360,149) |
| Total comprehensive (loss)/income for the financial year | | - | (19,410) | (319,223) | (1,354,749) | (1,693,382) | 132,127 | (1,561,255) |
| Dividends paid by | | | | | | | | |
| - Company | 34 | - | - | - | (258,125) | (258,125) | - | (258,125) |
| - Subsidiaries to non-controlling interests | | - | - | - | - | - | (120,142) | (120,142) |
| **At 31 July 2024** | | 33,278,673 | 262,987 | (3,253,057) | 23,178,008 | 53,466,611 | 2,490,913 | 55,957,524 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/Profit before tax | | (771,834) | 485,810 |
| *Adjustments for:* | | | |
| - Property, plant and equipment written off | 4 | - | 243 |
| - Share of results of associates, net of tax | 8 | 458,225 | (73,942) |
| - Inventories written off | 10 | 123,341 | 68,143 |
| - Interest income | 29 | (127,895) | (108,592) |
| - Reversal of allowance on impairment of trade receivables | 29 | (14,483) | (36,179) |
| - Allowance on impairment of trade receivables | 31 | 59,753 | 194,631 |
| - Depreciation and amortisation expenses | 31 | 832,253 | 849,834 |
| - Fair value loss/(gain) on short-term investments | 31 | 184,432 | (56,630) |
| - Provision for retirement benefits | 30 | 18,694 | 18,716 |
| - Gain on disposal of property, plant and equipment | | (36,052) | (31,230) |
| - Interest expense | | 9,912 | 7,134 |
| | | 1,508,180 | 832,128 |
| **Operating profit before working capital changes** | | 736,346 | 1,317,938 |
| Changes in working capital: | | | |
| Short-term investments | | - | 6,772 |
| Inventories | | (926,991) | 552,508 |
| Trade and other receivables | | (830,500) | 114,868 |
| Trade and other payables | | 779,651 | (919,088) |
| | | (977,840) | (244,940) |
| **Cash flows (used in)/generated from operations** | | (241,494) | 1,072,998 |
| Income tax paid | | (656,301) | (688,057) |
| Interest received | | 77,295 | 108,592 |
| | | (579,006) | (579,465) |
| **Net cash flows (used in)/generated from operating activities** | | (820,500) | 493,533 |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | 4 | (380,844) | (417,455) |
| Proceeds from disposal of property, plant and equipment | | 102,531 | 70,466 |
| Loan to an associate | | - | (435,000) |
| Dividend received from an associate | 8 | 309,013 | 333,436 |
| **Net cash flows generated from/(used in) investing activities** | | 30,700 | (448,553) |
| **Cash flows from financing activities** | | | |
| Dividend paid by the Company | | (258,125) | (516,250) |
| Dividends paid by subsidiaries to non-controlling interests | | (120,142) | (162,928) |
| Repayments of lease liabilities | | (61,524) | (59,421) |
| Lease liabilities interest paid | | (9,912) | (7,134) |
| **Net cash flows used in financing activities** | | (449,703) | (745,733) |
| Net decrease in cash and cash equivalents | | (1,239,503) | (700,753) |
| Cash and cash equivalents at beginning of financial year | | 5,515,703 | 6,321,204 |
| Effects of currency translations on cash and cash equivalents | | (28,113) | (104,748) |
| **Cash and cash equivalents at end of financial year** | | 4,248,087 | 5,515,703 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 JULY 2024

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| **Represented by:** | | | |
| Fixed deposits | 16 | 2,074,416 | 1,772,968 |
| Cash and bank balances | 17 | 2,173,671 | 3,742,735 |
| | | 4,248,087 | 5,515,703 |

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| **Cash outflows for leases as a lessee** | | |
| Included in net cash generated from operating activities: | | |
| Payment relating to short-term leases | 30,310 | 43,892 |
| | | |
| Included in net cash used in financing activities: | | |
| Lease liabilities interest paid | 9,912 | 7,134 |
| Repayment of lease liabilities | 61,524 | 59,421 |
| | 101,746 | 110,447 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General

Khong Guan Limited (the "Company") (Registration Number: 196000096G) is a limited liability company incorporated and domiciled in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 2 MacTaggart Road, #03-01, Khong Guan Building, Singapore 368078.

The principal activities of the Company are the trading of wheat flour and other edible products and investment holding. The principal activities of the subsidiaries are set out in Note 7.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 July 2024 were authorised for issue by the Board of Directors on the date of Directors' Statement.

## 2 Summary of material accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("SGD" or "$") which is also the functional currency of the Company.

In the current financial year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 August 2023. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's accounting policies and had no material effect on the current or prior year's financial statements and is not expected to have a material effect on future periods.

The Group adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users understanding of the financial statements. Accordingly, management had reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

## 2 Summary of material accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

*SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but are not yet effective:

| SFRS(I) | Title | Effective date (annual periods beginning on or after) |
|---|---|---|
| SFRS(I) 1-1 | Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| SFRS(I) 16 | Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Various | Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants | 1 January 2024 |
| SFRS(I) 1-7, SFRS(I) 7 | Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements | 1 January 2024 |
| SFRS(I) 1-21, SFRS(I) 1 | Amendments to SFRS(I) 1-21: Lack of Exchangeability | 1 January 2025 |
| SFRS(I) 10, SFRS (I) 1-28 | Amendments to SFRS(I) 10 and SFRS (I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| Various | Annual Improvements to SFRS(I)s-Volume 11 | 1 January 2026 |

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group has not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

<u>Sale of goods - Trading income</u>

Revenue from sale of goods is recognised upon transfer of control of the goods to the customer when the performance obligation is completed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return goods.

## 2 Summary of material accounting policies (Continued)

### 2.2 Revenue recognition (Continued)

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

### 2.3 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.4 Employee benefits

Contributions to provident funds

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the same year as the employment that gives rise to the contributions.

Provision for retirement benefits

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the financial year less the fair value of plan assets, if any, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high-quality government bonds that are denominated in the currency in which the benefits will be paid and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in profit or loss in the year when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for estimated liability for annual leave as a result of services rendered by employees up to statement of financial position date.

## 2 Summary of material accounting policies (Continued)

### 2.5 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

## 2 Summary of material accounting policies (Continued)

### 2.5 Income tax (Continued)

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

### 2.6 Property, plant and equipment

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (such as the cost of work-in-progress on the renovation of property, plant and equipment).

Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 25 to 50 years |
| Motor vehicles | 5 to 10 years |
| Office equipment and fittings | 5 to 10 years |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under work-in-progress which are related to replacing a component of an item of property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated assets still in use are retained in the financial statements.

Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item (such as the cost for work-in-progress) if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

## 2 Summary of material accounting policies (Continued)

### 2.7 Investment property

An investment property is a property held either to earn rental income and/or for capital appreciation rather than for use in production or supply of goods or services or for administrative purposes.

An investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the investment property over the estimated useful life as follows:

| | |
|---|---|
| Buildings | 50 years |

No depreciation is provided on freehold land.

The residual value, useful life and depreciation method of investment property are reviewed, and adjusted as appropriate, at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Investment property is professionally appraised every five years or when necessary.

### 2.8 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less any accumulated impairment losses in the Company's statement of financial position. On disposal of such investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.9 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, investment property, investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

## 2 Summary of material accounting policies (Continued)

### 2.9 Impairment of non-financial assets (Continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

### 2.10 Financial instruments

**Financial assets**

Classification and measurement

Financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

## 2 Summary of material accounting policies (Continued)

### 2.10 Financial instruments (Continued)

**Financial assets (Continued)**

Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of trade and other receivables (excluding prepayments), amounts owing by a subsidiary, amounts owing by an associate, fixed deposits and cash and bank balances.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL.

(a) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(b) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(c) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

## 2 Summary of material accounting policies (Continued)

### 2.10 Financial instruments (Continued)

**Financial assets (Continued)**

Subsequent measurement (Continued)

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income within "other net changes in fair value on financial assets at fair value through profit or loss" in the period in which they arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the Group determines whether there has been a significant increase in credit risk.

## 2 Summary of material accounting policies (Continued)

### 2.10 Financial instruments (Continued)

**Financial assets (Continued)**

Impairment of financial assets (Continued)

For trade receivables, the Group applies simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

*Ordinary share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

## 2 Summary of material accounting policies (Continued)

### 2.10 Financial instruments (Continued)

**Financial liabilities and equity instruments (Continued)**

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. A write down on cost is made when the cost is not recoverable or if their selling prices have declined. Allowance is made for deteriorated, damaged, obsolete and slow-moving stocks.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### 2.13 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

## 2 Summary of material accounting policies (Continued)

### 2.13 Leases (Continued)

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 Leases ("SFRS(I) 16"). For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented as a separate line in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

## 2 Summary of material accounting policies (Continued)

### 2.14 Government grants

Grants from the government are recognised as a receivable when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

### 2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

### 2.16 Corporate guarantees

Corporate guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Corporate guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the corporate guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

### 2.17 Group accounting

**(a) Subsidiaries**

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2 Summary of material accounting policies (Continued)

### 2.17 Group accounting (Continued)

#### (a) Subsidiaries (Continued)

(i) Consolidation (Continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of subsidiaries and businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

## 2 Summary of material accounting policies (Continued)

### 2.17 Group accounting (Continued)

#### (a) Subsidiaries (Continued)

(iii) Disposals of subsidiaries or businesses (Continued)

Please refer to Note 2.8 for the accounting policy on investments in subsidiaries and associates in the separate financial statements of the Company.

#### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attribute to the equity holders of the Company.

#### (c) Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. Dividends received from associates are recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associate equal to or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its shares of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associates are recognised in profit or loss.

## 2 Summary of material accounting policies (Continued)

### 2.17 Group accounting (Continued)

**(c) Associates (Continued)**

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on investments in subsidiaries and associates in the separate financial statements of the Company.

### 2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional and presentation currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the financial year are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rate at the end of the financial year;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the foreign currency translation reserve.

## 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2.2 to 2.18 to the financial statements, management had made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

**Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Allowance on impairment of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

## 3 Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

**Allowance on impairment of trade receivables (Continued)**

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrate the matrix to adjust historical credit loss experience with forward looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 40.

The carrying amounts of the Group's and Company's trade receivables and the allowance on impairment of trade receivables as at the end of the financial year are disclosed in Note 12.

**Depreciation of property, plant and equipment and investment property**

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group and Company's property, plant and equipment and investment property as at the end of the financial year are disclosed in Note 4 and Note 6 respectively.

**Provision for income tax**

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current income tax and deferred income tax provision in the financial year in which such determination is made.

The Group is subject to income taxes in various jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses at each tax jurisdiction.

## 3 Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

**Inventory valuation method**

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position.

The carrying amounts of the Group's and Company's inventory as at the end of the financial year are disclosed in Note 10.

**Impairment of investments in subsidiaries and associates**

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments are impaired. Where applicable, the Group's and the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at the end of the financial year is disclosed in Note 7. The carrying amount of the Group's investments in associates as at the end of the financial year is disclosed in Note 8.

## 4 Property, plant and equipment

| Group | Buildings $ | Motor vehicles $ | Office equipment and fittings $ | Total $ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 August 2022, as previously stated | 3,089,928 | 3,451,599 | 2,371,385 | 8,912,912 |
| Reclassified from investment property (Note 43) | 2,725,477 | - | - | 2,725,477 |
| At 1 August 2022, as restated | 5,815,405 | 3,451,599 | 2,371,385 | 11,638,389 |
| Additions | - | 263,547 | 153,908 | 417,455 |
| Disposals | - | (409,395) | (14,500) | (423,895) |
| Written off | - | - | (1,124) | (1,124) |
| Currency translation difference | (163,520) | (110,063) | (79,963) | (353,546) |
| At 31 July 2023, as restated | 5,651,885 | 3,195,688 | 2,429,706 | 11,277,279 |
| Additions | - | 176,944 | 203,900 | 380,844 |
| Disposals | - | (582,656) | - | (582,656) |
| Written off | - | (29,793) | - | (29,793) |
| Currency translation difference | (25,924) | (17,352) | (10,654) | (53,930) |
| At 31 July 2024 | 5,625,961 | 2,742,831 | 2,622,952 | 10,991,744 |
| **Accumulated depreciation** | | | | |
| At 1 August 2022, as previously stated | 658,770 | 2,838,411 | 1,259,623 | 4,756,804 |
| Reclassified from investment property (Note 43) | 208,954 | - | - | 208,954 |
| At 1 August 2022, as restated | 867,724 | 2,838,411 | 1,259,623 | 4,965,758 |
| Charge for the year | 120,024 | 213,849 | 232,039 | 565,912 |
| Disposals | - | (370,159) | (14,500) | (384,659) |
| Written off | - | - | (881) | (881) |
| Currency translation difference | (36,580) | (96,251) | (48,860) | (181,691) |
| At 31 July 2023, as restated | 951.168 | 2,585,850 | 1,427,421 | 4,964,439 |
| Charge for the year | 117,482 | 204,930 | 222,769 | 545,181 |
| Disposals | - | (516,177) | - | (516,177) |
| Written off | - | (29,793) | - | (29,793) |
| Currency translation difference | (5,259) | (15,500) | (6,632) | (27,391) |
| At 31 July 2024 | 1,063,391 | 2,229,310 | 1,643,558 | 4,936,259 |
| **Net carrying amount** | | | | |
| At 31 July 2023, as restated | 4,700,717 | 609,838 | 1,002,285 | 6,312,840 |
| At 31 July 2024 | 4,562,570 | 513,521 | 979,394 | 6,055,485 |

## 4 Property, plant and equipment (Continued)

| Company | Buildings<br>$ | Motor vehicles<br>$ | Office equipment and fittings<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 August 2022, as previously stated | - | 460,208 | 925,632 | 1,385,840 |
| Reclassified from investment property (Note 43) | 2,725,477 | - | - | 2,725,477 |
| As 1 August 2022, as restated | 2,725,477 | 460,208 | 925,632 | 4,111,317 |
| Additions | - | 180,000 | 14,300 | 194,300 |
| Disposals | - | (313,888) | (14,500) | (328,388) |
| At 31 July 2023, as restated | 2,725,477 | 326,320 | 925,432 | 3,977,229 |
| Additions | - | 65,325 | 4,179 | 69,504 |
| Disposals | - | (64,256) | - | (64,256) |
| At 31 July 2024 | 2,725,477 | 327,389 | 929,611 | 3,982,477 |
| **Accumulated depreciation** | | | | |
| At 1 August 2022, as previously stated | - | 397,834 | 401,974 | 799,808 |
| Reclassified from investment property (Note 43) | 208,954 | - | - | 208,954 |
| At 1 August 2022, as restated | 208,954 | 397,834 | 401,974 | 1,008,762 |
| Charge for the year | 54,509 | 24,458 | 91,977 | 170,944 |
| Disposals | - | (274,652) | (14,500) | (289,152) |
| At 31 July 2023, as restated | 263,463 | 147,640 | 479,451 | 890,554 |
| Charge for the year | 54,509 | 26,672 | 91,648 | 172,829 |
| Disposals | - | (63,747) | - | (63,747) |
| At 31 July 2024 | 317,972 | 110,565 | 571,099 | 999,636 |
| **Net carrying amount** | | | | |
| At 31 July 2023, as restated | 2,462,014 | 178,680 | 445,981 | 3,086,675 |
| At 31 July 2024 | 2,407,505 | 216,824 | 358,512 | 2,982,841 |

Buildings of the Group with a total net carrying amount of $2,080,306 (2023: $2,157,653) have been mortgaged to secure banking facilities granted to a subsidiary (Note 26).

Details of properties used for office and warehouse purposes are as follows:

| Location | Site area<br>(sq. m) |
|---|---|
| Lot 3, Km 8, Jalan Tuaran, Kota Kinabalu, Sabah | 8,025 |
| Lot 8, Block C, Saguking Warehouse, Federal Territory of Labuan | 280 |

## 4 Property, plant and equipment (Continued)

Details of properties used for office and warehouse purposes are as follows:(Continued)

| Location | Site area (sq. m) |
|---|---|
| MDLD 1434, Lot 4B, Hopeley Ind Shophouse, Lahad Datu, Sabah | 168 |
| Lot 118, SEDCO Industrial Estate, Phase II B, Mile 3, North Road, Sandakan, Sabah | 464 |
| TTB 2195, Lot 10, Ming Huat Commercial Warehouse, Tawau, Sabah | 410 |
| TD 2205, Lot 20, Ming Huat Commercial Warehouse, Tawau, Sabah | 377 |
| 2 MacTaggrt Road, Khong Guan Building | 832 |

## 5 Right-of-use assets

| Group | Leasehold land $ | Buildings $ | Total $ |
|---|---|---|---|
| **Cost** | | | |
| At 1 August 2022 | 1,874,229 | 1,122,699 | 2,996,928 |
| Additions | - | 156,346 | 156,346 |
| Retired | - | (92,433) | (92,433) |
| Currency translation difference | (99,185) | (61,089) | (160,274) |
| At 31 July 2023 | 1,775,044 | 1,125,523 | 2,900,567 |
| Additions | - | 61,311 | 61,311 |
| Currency translation difference | (15,725) | (9,159) | (24,884) |
| At 31 July 2024 | 1,759,319 | 1,177,675 | 2,936,994 |
| **Accumulated depreciation** | | | |
| At 1 August 2022 | 609,462 | 330,211 | 939,673 |
| Charge for the year | 46,626 | 89,918 | 136,544 |
| Retired | - | (92,433) | (92,433) |
| Currency translation difference | (33,475) | (17,409) | (50,884) |
| At 31 July 2023 | 622,613 | 310,287 | 932,900 |
| Charge for the year | 44,413 | 95,281 | 139,694 |
| Currency translation difference | (4,929) | (1,489) | (6,418) |
| At 31 July 2024 | 662,097 | 404,079 | 1,066,176 |
| **Net carrying amount** | | | |
| At 31 July 2023 | 1,152,431 | 815,236 | 1,967,667 |
| At 31 July 2024 | 1,097,222 | 773,596 | 1,870,818 |

The Group leases several assets including office, warehouse and leasehold land. The lease term for office and warehouse ranges from 24 months to 60 months.

Leasehold land of the Group with a total net carrying amount of $307,448 (2023: $316,094) have been mortgaged to secure banking facilities granted to a subsidiary (Note 26).

## 5 Right-of-use assets (Continued)

Details of leasehold land used for office and warehouse purposes are as follows:

| Location | Site area (sq. m) | Tenure |
|---|---|---|
| Lot 3, Km 8, Jalan Tuaran, Kota Kinabalu, Sabah | 8,025 | 84 years from 1989 |
| Lot 8, Block C, Saguking Warehouse, Federal Territory of Labuan | 280 | 89 years from 1992 |
| MDLD 1434, Lot 4B, Hopeley Ind Shophouse, Lahad Datu, Sabah | 168 | 45 years from 1988 |
| Lot 118, SEDCO Industrial Estate, Phase II B, Mile 3, North Road, Sandakan, Sabah | 464 | 24 years from 2013 |
| Lot PT 1542, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang | 7,918 | 31 years from 2014 |
| TTB 2195, Lot 10, Ming Huat Commercial Warehouse, Tawau, Sabah | 410 | 926 years from 1978 |
| TD 2205, Lot 20, Ming Huat Commercial Warehouse, Tawau, Sabah | 377 | 921 years from 1983 |

## 6 Investment property

| Group and Company | Freehold land<br>$ | Buildings<br>$ | Total<br>$ |
|---|---|---|---|
| **Cost** | | | |
| At 1 August 2022 and 31 July 2023, as previously stated | 3,879,481 | 10,094,359 | 13,973,840 |
| Reclassified to property, plant and equipment (Note 43) | - | (2,725,477) | (2,725,477) |
| At 1 August 2022 and 31 July 2023, as restated | 3,879,481 | 7,368,882 | 11,248,363 |
| At 31 July 2024 | 3,879,481 | 7,368,882 | 11,248,363 |
| **Accumulated depreciation** | | | |
| At 1 August 2022, as previously stated | - | 773,901 | 773,901 |
| Reclassified to property, plant and equipment (Note 43) | - | (208,954) | (208,954) |
| At 1 August 2022, as restated | - | 564,947 | 564,947 |
| Charge for the year | - | 147,378 | 147,378 |
| At 31 July 2023, as restated | - | 712,325 | 712,325 |
| Charge for the year | - | 147,378 | 147,378 |
| At 31 July 2024 | - | 859,703 | 859,703 |
| **Net carrying amount** | | | |
| At 31 July 2023, as restated | 3,879,481 | 6,656,557 | 10,536,038 |
| At 31 July 2024 | 3,879,481 | 6,509,179 | 10,388,660 |

## 6 Investment property (Continued)

Details of the investment property are as follows:

| Location | Land area (sq. m) | Tenure |
|---|---|---|
| 2 MacTaggart Road, Khong Guan Building | 832 | Freehold |

The following amounts are recognised in profit or loss:

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Rental income from investment property | 581,940 | 530,866 |
| Direct operating expenses arising from: | | |
| - Investment property that generated rental income | 166,106 | 157,554 |

The investment property of the Group and Company is leased to non-related parties tenants under operating leases (Note 39).

The Company's investment property and the portion of the building held by the Group for administrative purpose were appraised as at 31 July 2024 by an independent valuer, Edmund Tie & Company (SEA) Pte Ltd, at a fair value of $23,300,000 Level 3 fair value hierarchy (Note 2.7).

In accordance with the valuation report dated 31 July 2024, the valuation methodology used in determining the fair value of the investment property is the "Direct Comparison Approach". Under this approach, the valuation is based on the highest value at which the sale interest in property might reasonably be expected at the date of valuation.

**Key Assumptions used in the Valuation Report**

This approach involves the analysis of recent transactions of comparable properties within the vicinity and elsewhere in Singapore around the date of valuation. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, floor loading, age and condition of buildings, availability of carparking lots and loading/unloading bays, dates of transactions and the prevailing market conditions amongst other factors affecting its value.

## 7 Investments in subsidiaries

| | Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Unquoted equity investments, at cost | 20,649,874 | 20,649,874 |
| Less: Impairment losses | (2,362,506) | (2,362,506) |
| | 18,287,368 | 18,287,368 |

## 7 Investments in subsidiaries (Continued)

The Group has the following subsidiaries as at 31 July 2024 and 31 July 2023:

| Name of subsidiary | Principal activities | Place of incorporation/ business | Percentage of equity held | |
|---|---|---|---|---|
| | | | 2024 | 2023 |
| | | | % | % |
| **Held by the Company** | | | | |
| Khong Guan Food Products Pte Ltd^ | Trading in quoted investments | Singapore | 100.00 | 100.00 |
| Victus Marketing Pte. Ltd.^ | Trading in quoted investments | Singapore | 100.00 | 100.00 |
| Tau Meng Investments Pte Ltd ^ | Investment holding | Singapore | 100.00 | 100.00 |
| Swee Hin Chan Company Sdn. Berhad # | Wholesaler of wheat flour, general goods and related products | Malaysia | 89.82 | 89.82 |
| Tong Guan Food Products Sdn. Bhd.@ | Wholesaler of wheat flour, biscuits and other consumer goods | Malaysia | 84.31 | 84.31 |

^ Audited by Forvis Mazars LLP
# Audited by Ernst & Young PLT
@ Audited by Forvis Mazars PLT

In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited, the AC and Board of Directors of the Company confirm that they are satisfied that the appointment of different auditors for its subsidiaries and significant associates (Note 8) would not compromise the standard and effectiveness of the audit of the Group and Company.

***Carrying value of non-controlling interests***

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Swee Hin Chan Company Sdn. Berhad ("SHC") | 742,671 | 762,311 |
| Tong Guan Food Products Sdn. Bhd. ("TGFP") | 1,748,242 | 1,716,617 |
| | 2,490,913 | 2,478,928 |

***Summarised financial of subsidiaries with material non-controlling interests***

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before their inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 July 2024 and 31 July 2023.

## 7 Investments in subsidiaries (Continued)

***Summarised statement of financial position***

| | SHC | TGFP |
|---|---|---|
| | $ | $ |
| **As at 31 July 2024** | | |
| **Current** | | |
| Assets | 8,711,017 | 13,386,333 |
| Liabilities | (3,404,869) | (5,278,495) |
| Total current net assets | 5,306,148 | 8,107,838 |
| **Non-current** | | |
| Assets | 1,992,538 | 3,186,336 |
| Liabilities | - | (151,140) |
| Total non-current net assets | 1,992,538 | 3,035,196 |
| **Net assets** | 7,298,686 | 11,143,034 |
| **As at 31 July 2023** | | |
| **Current** | | |
| Assets | 8,389,249 | 12,655,550 |
| Liabilities | (2,958,632) | (4,770,598) |
| Total current net assets | 5,430,617 | 7,884,952 |
| **Non-current** | | |
| Assets | 2,061,086 | 3,215,459 |
| Liabilities | - | (158,948) |
| Total non-current net assets | 2,061,086 | 3,056,511 |
| **Net assets** | 7,491,703 | 10,941,463 |

***Summarised statement of comprehensive income***

| | SHC | TGFP |
|---|---|---|
| **For the year ended 31 July 2024** | | |
| Revenue | 27,003,127 | 41,684,487 |
| **Profit before income** | 124,621 | 1,298,796 |
| Income tax expense | (77,357) | (350,151) |
| **Post-tax profit from continuing operation** | 47,264 | 948,645 |
| Other comprehensive loss | (68,021) | (93,026) |
| Total comprehensive (loss)/income | (20,757) | 855,619 |
| Total comprehensive (loss)/income allocated to non-controlling interests | (2,112) | 134,239 |
| Dividends paid to non-controlling interests | 17,528 | 102,614 |

## 7 Investments in subsidiaries (Continued)

***Summarised statement of comprehensive income (Continued)***

| | SHC<br>$ | TGFP<br>$ |
|---|---|---|
| **For the year ended 31 July 2023** | | |
| Revenue | 28,782,909 | 41,209,921 |
| **Profit before income** | 461,632 | 1,659,445 |
| Income tax expense | (134,051) | (405,996) |
| **Post-tax profit from continuing operation** | 327,581 | 1,253,449 |
| Other comprehensive loss | (424,678) | (595,394) |
| Total comprehensive (loss)/income | (97,097) | 658,055 |
| Total comprehensive (loss)/income allocated to non-controlling interests | (9,880) | 103,243 |
| Dividends paid to non-controlling interests | 55,203 | 107,725 |

***Summarised cash flows***

| | SHC<br>$ | TGFP<br>$ |
|---|---|---|
| **For the year ended 31 July 2024** | | |
| Net cash generated from operating activities | 180,566 | 240,432 |
| Net cash used in investing activities | (112,874) | (184,685) |
| Net cash used in financing activities | (172,260) | (725,484) |
| Net decrease in cash and cash equivalents | (104,568) | (669,737) |

| | SHC<br>$ | TGFP<br>$ |
|---|---|---|
| **For the year ended 31 July 2023** | | |
| Net cash generated from operating activities | 526,373 | 1,250,458 |
| Net cash used in investing activities | (152,365) | (48,124) |
| Net cash used in financing activities | (542,520) | (753,180) |
| Net (decrease)/increase in cash and cash equivalents | (168,512) | 449,154 |

## 8 Investments in associates

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Unquoted equity investments, at cost | 13,535,540 | 13,535,540 | 1,500,000 | 1,500,000 |
| Share of post-acquisition reserves | 13,598,405 | 14,365,643 | - | - |
| Share of capital reserve | 33,195 | 52,605 | - | - |
| Foreign currency translation reserve | (8,066,871) | (7,887,179) | - | - |
| | 19,100,269 | 20,066 ,609 | 1,500,000 | 1,500,000 |

*Movements for share of post-acquisition reserves:*

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Balance at beginning of the financial year | 14,365,643 | 14,625,137 |
| Share of results | (458,225) | 73,942 |
| Dividend received | (309,013) | (333,436) |
| Balance at end of the financial year | 13,598,405 | 14,365,643 |

The financial performance of SGProtein Pte. Ltd. ("SGP") has yet to reach the performance level expected by the Group. The Group carried out a review on the recoverable amount of this investments as at 31 July 2024. Discount rate used for value-in-use calculations for investments in SGP is 31% (2023: 25%).

*Sensitivity to changes in assumptions*

Management is of the view that any reasonable possible changes in discount rate not likely to materially cause the CGU's carrying amount to exceed its recoverable amount. No impairment loss was recognised during the current financial year ended 31 July 2024 and 2023.

## 8 Investments in associates (Continued)

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 2024 % | Percentage of equity held 2023 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| SGProtein Pte. Ltd.^ | Manufacturing of plant-based protein products and research and experimental development on food science | Singapore | 30.00 | 30.00 |
| **Held by Tau Meng Investments Pte Ltd** | | | | |
| United Malayan Flour (1996) Sdn. Bhd.+ | Milling and trading of wheat flour and related products | Malaysia | 30.00 | 30.00 |

^ Audited by KY Chik & Associates
+ Audited by Ernst & Young PLT

***Summarised financial information for associates***

*Summarised statement of financial position*

| | 2024 $ | 2023 $ |
|---|---|---|
| **United Malayan Flour (1996) Sdn Bhd.* (“UMF”)** | | |
| Current assets | 44,139,680 | 51,040,413 |
| Current liabilities | (10,778,036) | (16,032,541) |
| Non-current assets | 46,554,100 | 49,004,850 |
| Non-current liabilities | (4,886,478) | (6,439,013) |
| **Net assets** | 75,029,266 | 77,573,709 |

* The entity is a group of companies that includes Federal Oats Mills Sendirian Berhad and its subsidiaries, Leong Hong Oil Mill Sdn. Bhd. and United Commercial Trading (Malaysia) Sendirian Berhad (“UCT”).

| | 2024 $ | 2023 $ |
|---|---|---|
| **SGProtein Pte. Ltd. (“SGP”)** | | |
| Current assets | 846,125 | 3,115,967 |
| Current liabilities | (440,166) | (2,758,115) |
| Non-current assets | 3,547,106 | 4,856,701 |
| Non-current liabilities | (2,093,772) | (1,377,346) |
| **Net assets** | 1,859,293 | 3,837,207 |

## 8 Investments in associates (Continued)

***Summarised financial information for associates (Continued)***

*Summarised statement of comprehensive income*

| | 2024 $ | 2023 $ |
|---|---|---|
| **UMF** | | |
| Revenue | 89,567,300 | 102,351,234 |
| **Profit before income tax** | 2,062,099 | 3,231,354 |
| Income tax expense | (2,709,115) | (333,468) |
| **Post-tax (loss)/profit from continuing operations** | (647,016) | 2,897,886 |
| Other comprehensive loss | (64,960) | (23,879) |
| Total comprehensive (loss)/income | (711,976) | 2,874,007 |
| Dividend received from associate | 309,013 | 333,436 |

| | 2024 $ | 2023 $ |
|---|---|---|
| **SGP** | | |
| Revenue | 84,357 | 91,180 |
| **Loss before income tax** | (2,064,714) | (2,013,145) |
| Income tax expense | - | - |
| **Post-tax loss from continuing operations** | (2,064,714) | (2,013,145) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (2,064,714) | (2,013,145) |
| Dividend received from associate | - | - |

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

## 8 Investments in associates (Continued)

***Summarised financial information for associates (Continued)***

*Reconciliation of Summarised Financial Information*

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **UMF** | | |
| **Net assets** | | |
| **At beginning of the financial year** | 77,573,709 | 80,070,058 |
| (Loss)/Profit for the financial year | (647,016) | 2,897,886 |
| Dividends paid | | |
| - UMF | (1,033,560) | (1,085,040) |
| - Subsidiary company | (87,451) | - |
| Other comprehensive loss | (64,960) | (23,879) |
| Reclassification of investment disposed | - | (1,125) |
| Foreign exchange differences | (711,456) | (4,284,191) |
| **At end of the financial year** | 75,029,266 | 77,573,709 |
| Associate's non-controlling interests | (11,361,705) | (12,125,945) |
| Net assets attributable to the equity holders | 63,667,561 | 65,447,764 |

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **SGP** | | |
| **Net assets** | | |
| **At beginning of the financial year** | 3,837,207 | 2,400,352 |
| Loss for the financial year | (2,064,714) | (2,013,145) |
| Additional paid up capital | 86,800 | 3,450,000 |
| **At end of the financial year** | 1,859,293 | 3,837,207 |
| Net assets attributable to other creditors* | (3,536,800) | (3,450,000) |
| Net assets attributable to equity holders | - | 387,207 |
| **Nets assets attributable to the equity holders** | | |
| UMF | 63,667,561 | 65,447,764 |
| SGP | - | 387,207 |
| | 63,667,561 | 65,834,971 |
| Net assets attributable to the Group | 19,100,269 | 19,751,609 |
| Goodwill | - | 315,000 |
| **Carrying value of Group's interest in associates** | 19,100,269 | 20,066,609 |

* In previous financial year, the associate had issued Simple Agreement for Future Equity ("SAFE") notes, with aggregate proceeds amounting $3,450,000 from SAFE notes holders.

## 9 Financial assets at fair value through other comprehensive income

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Unquoted equity investment | 243,704 | 245,882 |

Movements in financial assets at FVOCI were as follows:

| | | |
|---|---|---|
| Balance at beginning of the financial year | 245,882 | 259,621 |
| Currency translation difference | (2,178) | (13,739) |
| Balance at end of the financial year | 243,704 | 245,882 |

The Group intends to hold this investment for long-term appreciation in value as well as strategic investments purposes.

This is equity share investment in UCT. The fair value of the Group's investments in unquoted equity shares is disclosed in Note 41.

The financial assets at FVOCI is denominated in Malaysia Ringgit.

## 10 Inventories

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Trading inventories | 7,070,557 | 6,797,950 |
| Goods-in-transit | 1,565,742 | 1,093,974 |
| | 8,636,299 | 7,891,924 |

The cost of inventories recognised as an expense is included in the consolidated statement of profit or loss and other comprehensive income amounting to $63,742,759 (2023: $64,920,110).

During the financial year, the inventories written off amounted to $123,341 (2023: $68,143) is recognised to profit and loss.

## 11 Short-term investments

Short-term investments are classified as financial assets at fair value through profit or loss as follows:

| | | Group | |
|---|---|---|---|
| | Note | 2024 | 2023 |
| | | $ | $ |
| **Held for trading** | | | |
| Equity investments quoted in: | | | |
| - Singapore | | 404,002 | 430,819 |
| - Malaysia | | 1,198,724 | 1,356,339 |
| | | 1,602,726 | 1,787,158 |
| **Financial assets at FVPL** | | | |
| Balance at the beginning of the financial year | | 1,787,158 | 1,737,300 |
| Purchases | | - | 3,428 |
| Disposals | | - | (10,200) |
| Net movements in short-term investments | | - | (6,772) |
| Net unrealised (loss)/gain in fair value on short-term investments | 31 | (184,432) | 56,630 |
| Balance at end of the financial year | | 1,602,726 | 1,787,158 |
| **Other net changes in fair value on financial assets at FVPL** | | | |
| - Realised | | - | 841 |
| - Unrealised | | (184,432) | 56,630 |
| Total (loss)/gain | | (184,432) | 57,471 |

Short-term investments are denominated in the following currencies:

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Singapore Dollar | 404,002 | 430,819 |
| Ringgit Malaysia | 1,198,724 | 1,356,339 |
| | 1,602,726 | 1,787,158 |

## 12 Trade receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Trade receivables | | | | |
| - Third parties | 12,332,877 | 11,483,920 | 305,212 | 450,525 |
| - Related parties | 74,189 | 180,491 | - | - |
| | 12,407,066 | 11,664,411 | 305,212 | 450,525 |
| Less: Allowance on impairment of trade receivables | (393,452) | (365,357) | - | - |
| | 12,013,614 | 11,299,054 | 305,212 | 450,525 |

Trade receivables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Singapore Dollar | 305,212 | 450,525 | 305,212 | 450,525 |
| Ringgit Malaysia | 11,708,402 | 10,848,529 | - | - |
| | 12,013,614 | 11,299,054 | 305,212 | 450,525 |

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2023: 30 to 90 days) term. Trade receivables are not secured by any collateral.

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Movement in allowance accounts: | | |
| Balance at the beginning of the financial year | (365,357) | (228,233) |
| Allowance made | (59,753) | (194,631) |
| Allowance written back | 14,483 | 36,179 |
| Bad debts written off | 14,441 | 5,235 |
| Currency translation difference | 2,734 | 16,093 |
| Balance at the end of the financial year | (393,452) | (365,357) |

## 13 Other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Sundry receivables | 58,818 | 52,483 | - | 6,114 |
| Interest receivables | 50,600 | 14,319 | 50,600 | 14,319 |
| Deposits | 88,744 | 91,738 | 5,381 | 2,640 |
| Prepayments | 100,847 | 103,994 | 72,380 | 78,670 |
| | 299,009 | 262,534 | 128,361 | 101,743 |

Sundry receivables relate to advance payments and goods returned to suppliers. The outstanding amounts due from these suppliers arising from these advance payments and returned goods will be used to offset against future purchases.

Other receivables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Singapore Dollar | 129,667 | 104,719 | 123,230 | 96,445 |
| Ringgit Malaysia | 169,342 | 157,815 | 5,131 | 5,298 |
| | 299,009 | 262,534 | 128,361 | 101,743 |

## 14 Amounts owing by/to subsidiaries

| | Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Amounts owing by a subsidiary, non-trade | 600,000 | 600,000 |
| Less: Allowance on impairment of receivable | | |
| Balance at beginning of the financial year | (452,200) | (434,600) |
| Allowance made for the year | (12,500) | (17,600) |
| Balance at end of the financial year | (464,700) | (452,200) |
| | 135,300 | 147,800 |
| Amounts owing to subsidiaries, non-trade | 456,790 | 400,000 |

The amounts owing by/to subsidiaries are unsecured, repayable on demand and interest-free.

Amounts owing by/to subsidiaries are denominated in Singapore Dollar.

## 15 Amounts owing by an associate

Amounts owing by an associate are unsecured and bear interest at 4.811% (2023: 4.811%) per annum.

## 16 Fixed deposits

Fixed deposits of the Group and Company are placed with licensed financial institutions and mature within one to two months (2023: one month) from the end of the financial year. The effective interest rate as at 31 July 2024 are 2.38% and 3.70% (2023: 3.70%).

Fixed deposits are denominated in the following currencies:

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Singapore Dollar | 400,000 | - |
| Ringgit Malaysia | 1,674,416 | 1,772,968 |
| | 2,074,416 | 1,772,968 |

## 17 Cash and bank balances

Cash and bank balances are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Singapore Dollar | 878,160 | 1,696,575 | 685,613 | 1,326,519 |
| Ringgit Malaysia | 1,295,511 | 2,046,160 | 81,657 | 29,888 |
| | 2,173,671 | 3,742,735 | 767,270 | 1,356,407 |

## 18 Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Number of shares | $ | Number of shares | $ |
| **Issued and fully paid ordinary shares with no par value** | | | | |
| At beginning and end of the year | 25,812,520 | 33,278,673 | 25,812,520 | 33,278,673 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 19 Capital reserve

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| **Non-distributable** | | |
| Balance at beginning of the financial year | 282,397 | 284,344 |
| Share of associate's capital reserve on: | | |
| - Financial assets at FVOCI | (19,410) | (1,947) |
| Balance at end of the financial year | 262,987 | 282,397 |

Capital reserve represents fair value reserve.

## 20 Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 21 Lease liabilities

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Maturity analysis: | | |
| Year 1 | 82,141 | 55,057 |
| Year 2 | 52,345 | 47,380 |
| Year 3 | 13,963 | 27,949 |
| Year 4 | 5,818 | 13,168 |
| Year 5 | - | 5,770 |
| | 154,267 | 149,324 |
| Less: Unearned interest | (9,784) | (3,332) |
| | 144,483 | 145,992 |
| Analysed as: | | |
| Current | 75,601 | 57,478 |
| Non-current | 68,882 | 88,514 |
| | 144,483 | 145,992 |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's statement of cash flows as cash flows from financing activities.

## 21 Lease liabilities (Continued)

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Balance at the beginning of the financial year | 145,992 | 54,490 |
| Net financing cash flows | (71,436) | (66,555) |
| New lease arrangement | 61,311 | 156,346 |
| Lease interest charge | 9,912 | 7,134 |
| Currency translation difference | (1,296) | (5,423) |
| Balance at the end of the financial year | 144,483 | 145,992 |

## 22 Provision for retirement benefits

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Balance at beginning of the financial year | 230,203 | 211,487 |
| Provision made | 18,694 | 18,716 |
| Balance at end of the financial year | 248,897 | 230,203 |

The Company has a defined benefit plan for qualifying employees of the Company. Under the plan, the employees are entitled to receive a benefit of 10/26 days of their final monthly salary for each year of service up to the retirement age of 62 years.

Movements in the defined benefit obligation are as follows:

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Balance at beginning of the financial year | 230,203 | 211,487 |
| Current service cost | 16,619 | 16,532 |
| Interest cost | 187 | 187 |
| Actuarial loss | 1,888 | 1,997 |
| | 248,897 | 230,203 |

The significant actuarial assumptions used by the Group comprises of discount rate and salary increment rate ranging from 1% to 6%. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is determined to be insignificant. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous financial year.

## 23 Deferred tax

| | Group 2024 $ | Group 2023 $ |
|---|---|---|
| Deferred tax assets | 30,532 | 28,529 |
| Deferred tax liabilities | (82,258) | (70,434) |

Movements in deferred tax of the Group during the financial year are as follows:

| Group | Provisions $ | Depreciation $ | Total $ |
|---|---|---|---|
| At 1 August 2022 | - | (85,928) | (85,928) |
| Credit to profit or loss | 29,297 | 11,241 | 40,538 |
| Exchange differences | (768) | 4,253 | 3,485 |
| At 31 July 2023 | 28,529 | (70,434) | (41,905) |
| Credit/(Charge) to profit or loss | 2,226 | (12,285) | (10,059) |
| Exchange differences | (223) | 461 | 238 |
| At 31 July 2024 | 30,532 | (82,258) | (51,726) |

## 24 Trade payables

| | Note | Group 2024 $ | Group 2023 $ | Company 2024 $ | Company 2023 $ |
|---|---|---|---|---|---|
| Third parties | | 4,249,505 | 3,956,157 | 8,766 | 7,770 |
| Related parties | 35 | 3,471,737 | 3,176,769 | 193,644 | 339,034 |
| | | 7,721,242 | 7,132,926 | 202,410 | 346,804 |

Trade payables are denominated in the following currencies:

| | Group 2024 $ | Group 2023 $ | Company 2024 $ | Company 2023 $ |
|---|---|---|---|---|
| Singapore Dollar | 202,410 | 346,804 | 202,410 | 346,804 |
| Ringgit Malaysia | 6,990,590 | 6,354,227 | - | - |
| United States Dollar | 528,242 | 431,895 | - | - |
| | 7,721,242 | 7,132,926 | 202,410 | 346,804 |

Trade payables are non interest-bearing and are normally settled within 30 to 90 days (2023: 30 to 90 days).

Included in trade payables is an aggregate amount of $1,315,705 [equivalent to RM4,522,877] (2023: $1,044,343 [equivalent to RM3,558,239]) which is secured by corporate guarantees provided by the Company to certain suppliers of a subsidiary [Note 38(b)].

## 25 Other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Sundry payables | 485,304 | 263,471 | - | - |
| Dividend payables | 12,577 | 12,114 | 12,577 | 12,114 |
| Rental received in advance | - | 8,640 | - | 8,640 |
| Rental deposit received | 106,143 | 102,053 | 106,143 | 102,053 |
| Accrued expenses | 855,359 | 936,616 | 227,738 | 276,863 |
| | 1,459,383 | 1,322,894 | 346,458 | 399,670 |

Non-trade payables are non-interest bearing and are normally settled within 90 (2023: 90) days or on demand.

Dividend payables relate to accumulated approved dividends from prior periods that have yet to be claimed by shareholders.

The payables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Singapore Dollar | 370,452 | 437,264 | 346,458 | 399,670 |
| Ringgit Malaysia | 1,088,931 | 885,630 | - | - |
| | 1,459,383 | 1,322,894 | 346,458 | 399,670 |

## 26 Bank facilities

The Group has unused banking facilities which are secured by:

(a) mortgages over buildings with a total net carrying amount of $2,080,306 (2023: $2,157,653) (Note 4) of the Group;

(b) mortgages over leasehold land with a total net carrying amount of $307,448 (2023: $316,094) (Note 5) of the Group; and

(c) corporate guarantees from the Company [Note 38(a)].

## 27 Revenue

| | Group 2024 $ | Group 2023 $ |
|---|---|---|
| **Type of good or services** | | |
| Sale of goods to: | | |
| - Third parties | 69,781,076 | 71,113,433 |
| - Related parties | 378,380 | 802,406 |
| | 70,159,456 | 71,915,839 |
| **Timing of transfer of good or services** | | |
| At a point in time | 70,159,456 | 71,915,839 |

## 28 Dividend income

| | Group 2024 $ | Group 2023 $ |
|---|---|---|
| Gross dividends from: | | |
| - Financial assets at FVOCI | - | - |
| - Short-term investments | 42,807 | 41,697 |
| | 42,807 | 41,697 |

## 29 Other income

| | Note | Group 2024 $ | Group 2023 $ |
|---|---|---|---|
| Reversal of allowance on impairment of trade receivables | 12 | 14,483 | 36,179 |
| Rental income | | 587,970 | 537,195 |
| Government grants | | 2,535 | 4,636 |
| Interest income | | 127,895 | 108,592 |
| Gain on disposal of property, plant and equipment | | 36,052 | 31,230 |
| Sundry income | | 268,228 | 149,307 |
| | | 1,037,163 | 867,139 |

## 30 Employee benefits expense

| | Note | Group 2024 $ | Group 2023 $ |
|---|---|---|---|
| Employee benefits: | | | |
| Salaries and bonus | | 2,389,724 | 2,314,605 |
| Contributions to provident funds | | 309,996 | 314,680 |
| Provision for retirement benefits | 22 | 18,694 | 18,716 |
| Other | | 50,952 | 54,047 |
| | | 2,769,366 | 2,702,048 |
| Directors' remuneration: | | | |
| Salaries and bonus | | | |
| - Directors of the Company | | 890,115 | 970,360 |
| - Directors of subsidiaries | | 190,571 | 201,118 |
| Contributions to provident funds | | | |
| - Directors | | 58,641 | 62,267 |
| | | 1,139,327 | 1,233,745 |
| | | 3,908,693 | 3,935,793 |

Key management personnel comprise directors of the Group and their remuneration is disclosed in the above note.

## 31 (Loss)/Profit before tax

This is stated after (crediting)/charging the following items which have not been otherwise disclosed elsewhere in the financial statements:

| | Note | Group 2024 $ | Group 2023 $ |
|---|---|---|---|
| The aggregate amount of: | | | |
| Audit fees: | | | |
| - auditors of the Company | | | |
| - current year | | 96,440 | 65,000 |
| - under-provision | | 15,000 | - |
| - other auditors | | 21,533 | 18,385 |
| Non-audit fees: | | | |
| - auditors of the Company | | 1,200 | - |
| - other auditor | | 7,098 | - |
| Allowance on impairment of trade receivables | 12 | 59,753 | 194,631 |
| Depreciation and amortization: | | | |
| - Property, plant and equipment | 4 | 545,181 | 565,912 |
| - Right-of-use assets | 5 | 139,694 | 136,544 |
| - Investment property | 6 | 147,378 | 147,378 |
| Foreign exchange loss, net | | 42,283 | 123,641 |
| Net unrealised loss/(gain) in fair value on short term investments | 11 | 184,432 | (56,630) |

## 32 Income tax expense

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| **Current tax expense** | | |
| Current financial year | 408,563 | 585,807 |
| Under/(Over) provision in prior financial years | 10,650 | (3,378) |
| | 419,213 | 582,429 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 10,059 | (40,538) |
| **Income tax expense** | 429,272 | 541,891 |

A numerical reconciliation between the accounting profit and tax expense is as follows:

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| (Loss)/profit before tax and share of results of associates, net of tax | (313,609) | 411,868 |
| Share of results of associates, net of tax | (458,225) | 73,942 |
| (Loss)/profit before tax | (771,834) | 485,810 |
| Tax at the applicable rate of 17% (2023: 17%) | (131,212) | 82,588 |
| Tax effects of: | | |
| Expenses not deductible for tax purposes | 245,698 | 126,182 |
| Income not subject to tax | (22,831) | (18,487) |
| Difference in tax rate of other countries | 99,651 | 148,473 |
| Under/(Over) provision in prior financial years | 10,650 | (3,378) |
| Tax deducted at source | 1,726 | 1,844 |
| Deferred tax benefits not recognised | 225,590 | 204,669 |
| Tax expense | 429,272 | 541,891 |

At the end of the financial year, the Group has estimated unabsorbed tax losses totaling $39,516,000 (2023: $38,189,000) available for offsetting against future taxable profit earned by respective entities of the Group incorporated in Singapore subject to the agreement of the Singapore tax authority.

Deferred tax benefits arising from such unabsorbed tax losses amounting to approximately $6,718,000 (2023: $6,492,000) for the Group have not been recognised as it is not currently probable that sufficient future taxable profits will be available against which they can be utilised.

## 33 Loss per share

Basic and diluted loss per share amounts are calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the income and share data used in the basic and diluted loss per share computations for the financial year:

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| Net loss attributable to ordinary equity holders on issue applicable to basic and diluted loss per share ($) | (1,354,749) | (286,069) |
| Weighted average number of ordinary shares on issue applicable to basic and diluted loss per share | 25,812,520 | 25,812,520 |
| Basic and diluted (in cents) | (5.25) | (1.11) |

Diluted loss per share is the same as the basic loss per share as there are no dilutive ordinary shares.

## 34 Dividends

The final tax exempt one-tier dividend of $0.01 per ordinary share amounting to $258,125 declared for the financial year ended 31 July 2023 was paid during the financial year ended 31 July 2024. (The final tax exempt one-tier dividend of $0.02 per ordinary share amounting to $516,250 declared for the financial year ended 31 July 2022 was paid during the financial year ended 31 July 2023.

The directors do not propose a final tax exempt one-tier dividend in respect of the financial year ended 31 July 2024.

## 35 Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

## 35 Significant related party transactions (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies: (Continued)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) the entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and of the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party is subject to common control, or the party is a member of key management personnel of the Group, or the party is a close family member of any individual of the key management personnel or controlling party.

Related parties include key management personnel such as directors who have the authority and responsibility for planning, directing and controlling the activities of the Group. Directors' remuneration is disclosed in Notes 30 and 36 to the financial statements.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $ | $ | $ | $ |
| Purchases from | | | | |
| - Associate | 11,499,437 | 13,856,357 | 1,258,637 | 1,817,392 |
| - Related parties | 8,045,590 | 7,653,142 | 10,310 | 9,835 |
| - Subsidiary | - | - | 70,201 | 54,380 |
| Dividends received from subsidiaries | - | - | 987,152 | 1,369,300 |
| Management fees received from subsidiaries | - | - | 34,515 | 36,111 |

## 36 Directors' remuneration

The number of directors of the Company whose remuneration falls within the following remuneration bands during the financial year is:

| | Group | |
|---|---|---|
| | 2024<br>Number of directors | 2023<br>Number of directors |
| Below $100,000 | 4 | 4 |
| $100,001 to $250,000 | 1 | 1 |
| $250,001 to $500,000 | 2 | 2 |

## 37 Segment information

For management purposes, the Group is organised into strategic business units based on their products and geography. The Group has two reportable operating segments as follows:

(a) Trading of wheat flour and consumer goods - trading of wheat flour and consumer goods in Singapore and Malaysia; and

(b) Others - trading and holding of quoted and unquoted shares in Singapore and Malaysia.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is measured based on segment earnings before interest, taxation, depreciation and amortisation ("EBITDA"). EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Geographically, management reviews the performance of the businesses in Singapore and Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets and total assets are based on the geographical location of the assets. Information regarding the Group's reportable segments is presented below.

## 37 Segment information (Continued)

***Business segments***

| | Trading of wheat flour and consumer goods<br>$ | Others<br>$ | Group<br>$ |
|---|---|---|---|
| **2024** | | | |
| **Revenue** | | | |
| Total revenue | 70,229,657 | - | 70,229,657 |
| Intercompany revenue | (70,201) | - | (70,201) |
| External revenue | 70,159,456 | - | 70,159,456 |
| **Results** | | | |
| Profit/(Loss) before interest, taxation, depreciation and amortisation | 781,644 | (380,983) | 400,661 |
| Depreciation and amortisation | (791,938) | (40,315) | (832,253) |
| Operating loss | (10,294) | (421,298) | (431,592) |
| Interest expense | | | (9,912) |
| Interest income | | | 127,895 |
| Share of results of associates, net of tax | | | (458,225) |
| Taxation | | | (429,272) |
| Loss after tax | | | (1,201,106) |
| **Assets and Liabilities** | | | |
| Segment assets | 43,914,746 | 2,084,238 | 45,998,984 |
| Associates | | | 19,100,269 |
| Unallocated assets | | | 514,534 |
| | | | 65,613,787 |
| Segments liabilities | 9,052,130 | 23,994 | 9,076,124 |
| Unallocated liabilities | | | 580,139 |
| | | | 9,656,263 |
| **Other segments information** | | | |
| Expenditure for non-current assets | 380,844 | - | 380,844 |
| Other non-cash items: | | | |
| Inventories written off | 123,341 | - | 123,341 |
| Allowance on impairment of trade receivables | 59,753 | - | 59,753 |
| Reversal of allowance on impairment of trade receivables | (14,483) | - | (14,483) |
| Foreign exchange loss, net | 42,283 | - | 42,283 |

## 37 Segment information (Continued)

***Business segments***

| | Trading of wheat flour and consumer goods<br>$ | Others<br>$ | Group<br>$ |
|---|---|---|---|
| **2023** | | | |
| **Revenue** | | | |
| Total revenue | 71,970,219 | - | 71,970,219 |
| Intercompany revenue | (54,380) | - | (54,380) |
| External revenue | 71,915,839 | - | 71,915,839 |
| **Results** | | | |
| Profit/(Loss) before interest, taxation, depreciation and amortisation | 1,339,970 | (179,726) | 1,160,244 |
| Depreciation and amortisation | (805,854) | (43,980) | (849,834) |
| Operating profit/(loss) | 534,116 | (223,706) | 310,410 |
| Interest expense | | | (7,134) |
| Interest income | | | 108,592 |
| Share of results of associates, net of tax | | | 73,942 |
| Taxation | | | (541,891) |
| Loss after tax | | | (56,081) |
| **Assets and Liabilities** | | | |
| Segment assets | 43,984,343 | 2,517,655 | 46,501,998 |
| Associates | | | 20,066,609 |
| Unallocated assets | | | 230,888 |
| | | | 66,799,495 |
| Segments liabilities | 8,518,836 | 37,594 | 8,556,430 |
| Unallocated liabilities | | | 346,019 |
| | | | 8,902,449 |
| **Other segments information** | | | |
| Expenditure for non-current assets | 417,455 | - | 417,455 |
| Other non-cash items: | | | |
| Inventory written off | 68,143 | - | 68,143 |
| Allowance on impairment of trade receivables | 194,631 | - | 194,631 |
| Reversal of allowance on impairment of trade receivables | (36,179) | - | (36,179) |
| Foreign exchange loss/(gain), net | 123,925 | (284) | 123,641 |

## 37 Segment information (Continued)

***Geographical segments***

| | Singapore<br>$ | Malaysia<br>$ | Group<br>$ |
|---|---|---|---|
| **2024** | | | |
| **Revenue** | | | |
| Total revenue | 1,542,043 | 68,687,614 | 70,229,657 |
| Intercompany revenue | - | (70,201) | (70,201) |
| External revenue | 1,542,043 | 68,617,413 | 70,159,456 |
| **Assets** | | | |
| Segment assets | 19,186,694 | 26,812,290 | 45,998,984 |
| Associates | - | 19,100,269 | 19,100,269 |
| Unallocated assets | | | 514,534 |
| | | | 65,613,787 |

| | Singapore<br>$ | Malaysia<br>$ | Group<br>$ |
|---|---|---|---|
| **2023** | | | |
| **Revenue** | | | |
| Total revenue | 1,977,389 | 69,992,830 | 71,970,219 |
| Intercompany revenue | - | (54,380) | (54,380) |
| External revenue | 1,977,389 | 69,938,450 | 71,915,839 |
| **Assets** | | | |
| Segment assets | 20,391,109 | 26,110,889 | 46,501,998 |
| Associates | 432,280 | 19,634,329 | 20,066,609 |
| Unallocated assets | | | 230,888 |
| | | | 66,799,495 |

There is no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

## 38 Contingent liabilities - unsecured

a) The Company has issued corporate guarantee amounting to $290,900 [equivalent to RM1,000,000] (2023: $293,500 [equivalent to RM1,000,000]) to a bank for facilities granted to a subsidiary. The aggregate amount of facilities utilised as at 31 July 2024 was $Nil (2023: $Nil).

(b) The Company has issued corporate guarantees amounting to $2,289,383 [equivalent to RM7,870,000] (2023: $2,309,845 [equivalent to RM7,870,000]) to two suppliers of another subsidiary for credit purchases made from the suppliers.

(c) The directors are of the view that the fair values of corporate guarantees provided by the Company are not material.

## 39 Commitments

Operating lease commitments where the Group and Company are lessors.

The Group has leased out their owned investment property to third parties for monthly lease payments. This lease is classified as operating leases under SFRS(I) 16 because the risk and reward incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Not later than one year | 523,562 | 581,940 |
| Between one and five years | 437,340 | 423,550 |
| | 960,902 | 1,005,490 |

## 40 Financial instrument and financial risk

Financial risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to market risk, credit risk and liquidity risk.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and market prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate exposure relates primarily from its fixed deposits (Note 16).

The Group places surplus funds with major financial institutions as fixed deposits to generate interest income. Interest rates on fixed deposits are determined based on market rates. Interest rate risk is managed by placing such surplus funds on varying maturities and interest rate terms. The Group does not use derivative financial instruments to hedge against interest rate risk. There have been no changes to this policy during the financial year.

*Sensitivity analysis for interest rate risk*

At the end of the financial year, if interest rates had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the effect on the Group's profit before tax would have been $20,744 (2023: $17,730) higher/lower, arising mainly as a result of higher/lower interest income on fixed deposits. The methods and assumptions used are consistent with previous financial year.

## 40 Financial instrument and financial risk (Continued)

***Market risk (Continued)***

Foreign exchange rate risk

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Group's result in the current financial year and in the future years. The Group monitors its foreign currency risk exposure regularly and maintains natural hedge whenever possible by receiving and paying in the same foreign currency to minimise foreign currency risk. There have been no changes to this policy during the financial year.

The Group's exposure to foreign exchange risk relates to transactions denominated in currencies other than the respective functional currencies of Group entities, arising from normal trading and investment activities which are disclosed in the respective notes to the financial statements. The Group does not use foreign currency forward contracts for trading purposes.

Entities within the Group, including the Group's associates maintain their books in their respective functional currencies. Profits and net assets of overseas entities are translated into Singapore Dollar, the Group's reporting currency for consolidation purposes. Fluctuations in the exchange rate between the functional currencies and Singapore Dollar will have an impact on the Group. As these investments are held on long term basis, hedging of exchange risk is inappropriate.

| Group | Ringgit Malaysia ("RM") $ | United States Dollar ("USD") $ | Singapore Dollar ("SGD") $ | Total $ |
|---|---|---|---|---|
| **31 July 2024** | | | | |
| **Assets** | | | | |
| Financial assets at FVOCI | 243,704 | - | - | 243,704 |
| Short-term investments | 1,198,724 | - | 404,002 | 1,602,726 |
| Trade and other receivables[(a)] | 11,796,896 | - | 356,062 | 12,152,958 |
| Amounts owing to an associate | - | - | 750,000 | 750,000 |
| Fixed deposits | 1,674,416 | - | 400,000 | 2,074,416 |
| Cash and bank balances | 1,295,511 | - | 878,160 | 2,173,671 |
| | 16,209,251 | - | 2,788,224 | 18,997,475 |

## 40 Financial instrument and financial risk (Continued)

***Market risk (Continued)***

Foreign exchange rate risk (Continued)

| Group | Ringgit Malaysia ("RM") $ | United States Dollar ("USD") $ | Singapore Dollar ("SGD") $ | Total $ |
|---|---|---|---|---|
| **31 July 2024** | | | | |
| **Liabilities** | | | | |
| Trade and other payables[b] | 8,079,521 | 528,242 | 572,862 | 9,180,625 |
| Lease liabilities | 144,483 | - | - | 144,483 |
| | 8,224,004 | 528,242 | 572,862 | 9,325,108 |
| Net financial assets/(liabilities) | 7,985,247 | (528,242) | 2,215,362 | 9,672,367 |
| Less: Net financial assets denominated in the respective entities' functional currencies | (5,084,138) | - | (2,215,362) | (7,299,500) |
| Currency exposure of financial assets/(liabilities) | 2,901,109 | (528,242) | - | 2,372,867 |
| **31 July 2023** | | | | |
| **Assets** | | | | |
| Financial assets at FVOCI | 245,882 | - | - | 245,882 |
| Short-term investments | 1,356,339 | - | 430,819 | 1,787,158 |
| Trade and other receivables[a] | 10,936,811 | - | 474,414 | 11,411,225 |
| Amounts owing to an associate | - | - | 750,000 | 750,000 |
| Fixed deposits | 1,772,968 | - | - | 1,772,968 |
| Cash and bank balances | 2,046,160 | - | 1,696,575 | 3,742,735 |
| | 16,358,160 | - | 3,351,808 | 19,709,968 |
| **Liabilities** | | | | |
| Trade and other payables[b] | 7,239,857 | 431,895 | 775,428 | 8,447,180 |
| Lease liabilities | 145,992 | - | - | 145,992 |
| | 7,385,849 | 431,895 | 775,428 | 8,593,172 |
| Net financial assets/(liabilities) | 8,972,311 | (431,895) | 2,576,380 | 11,116,796 |
| Less: Net financial assets denominated in the respective entities' functional currencies | (5,860,301) | - | (2,576,380) | (8,436,681) |
| Currency exposure of financial assets/(liabilities) | 3,112,010 | (431,895) | - | 2,680,115 |

[a] Other receivables exclude prepayments and sundry receivables.
[b] Other payables exclude rental received in advance.

## 40 Financial instrument and financial risk (Continued)

***Market risk (Continued)***

Foreign exchange rate risk (Continued)

| **Company** | **Ringgit Malaysia ("RM") $** | **Singapore Dollar ("SGD") $** | **Total $** |
|---|---|---|---|
| **31 July 2024** | | | |
| **Assets** | | | |
| Trade and other receivables[a] | 5,131 | 356,062 | 361,193 |
| Amounts owing by a subsidiary | - | 135,300 | 135,300 |
| Amounts owing by an associate | - | 750,000 | 750,000 |
| Fixed deposits | 1,674,416 | 400,000 | 2,074,416 |
| Cash and bank balances | 81,657 | 685,613 | 767,270 |
| | 1,761,204 | 2,326,975 | 4,088,179 |
| **Liabilities** | | | |
| Trade and other payables[b] | - | 548,868 | 548,868 |
| Amounts owing to subsidiaries | - | 456,790 | 456,790 |
| | - | 1,005,658 | 1,005,658 |
| Net financial assets | 1,761,204 | 1,321,317 | 3,082,521 |
| Less: Net financial assets denominated in the Company's functional currency | - | (1,321,317) | (1,321,317) |
| Currency exposure of financial assets | 1,761,204 | - | 1,761,204 |
| **31 July 2023** | | | |
| **Assets** | | | |
| Trade and other receivables[a] | 5,298 | 468,300 | 473,598 |
| Amounts owing by a subsidiary | - | 147,800 | 147,800 |
| Amounts owing by an associate | - | 750,000 | 750,000 |
| Fixed deposits | 1,772,968 | - | 1,772,968 |
| Cash and bank balances | 29,888 | 1,326,519 | 1,356,407 |
| | 1,808,154 | 2,692,619 | 4,500,773 |
| **Liabilities** | | | |
| Trade and other payables[b] | - | 737,834 | 737,834 |
| Amounts owing to subsidiaries | - | 400,000 | 400,000 |
| | - | 1,137,834 | 1,137,834 |
| Net financial assets | 1,808,154 | 1,554,785 | 3,362,939 |
| Less: Net financial assets denominated in the Company's functional currency | - | (1,554,785) | (1,554,785) |
| Currency exposure of financial assets | 1,808,154 | - | 1,808,154 |

[a] Other receivables exclude prepayments.
[b] Other payables exclude rental received in advance.

## 40 Financial instrument and financial risk (Continued)

***Market risk (Continued)***

Foreign exchange rate risk (Continued)

If the above currencies change against the SGD by 1% (2023: 1%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

| | (Increase)/ Decrease in loss before tax 2024 $ | Increase/ (Decrease) in profit before tax 2023 $ |
|---|---|---|
| **Group** | | |
| **RM / SGD** | | |
| Strengthened | 29,011 | 31,120 |
| Weakened | (29,011) | (31,120) |
| **USD / SGD** | | |
| Strengthened | (5,282) | (4,319) |
| Weakened | 5,282 | 4,319 |

| | (Increase)/ Decrease in loss before tax 2024 $ | (Increase)/ Decrease in loss before tax 2023 $ |
|---|---|---|
| **Company** | | |
| **RM / SGD** | | |
| Strengthened | 17,612 | 18,082 |
| Weakened | (17,612) | (18,082) |

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments (short-term investments). These instruments are listed mainly in Singapore and Malaysia and they are classified as fair value through profit or loss.

The Group's policy is to manage investments returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with high volatility. There have been no changes to this policy during the financial year.

## 40 Financial instrument and financial risk (Continued)

***Market risk (Continued)***

Market price risk (Continued)

*Sensitivity analysis for equity risk*

At the end of the financial year, if prices for equity securities listed in Singapore and Malaysia changed by 10% (2023: 10%) and 5% (2023: 5%) respectively, with all other variables including tax rate being held constant, the effects on profit before tax would have been:

| | (Increase)/ Decrease in loss before tax 2024 $ | Increase/ (Decrease) in profit before tax 2023 $ |
|---|---|---|
| **Group** | | |
| Listed in Singapore | | |
| - Increased by | 40,400 | 43,082 |
| - Decreased by | (40,400) | (43,082) |
| | | |
| Listed in Malaysia | | |
| - Increased by | 59,936 | 67,817 |
| - Decreased by | (59,936) | (67,817) |

***Credit risk***

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in a loss to the Group. The Group's exposure to credit risk mainly relates to long-term and short-term investments, fixed deposits, cash and bank balances, amounts owing by a subsidiary, amounts owing by an associate, trade and other receivables.

The Group limits its credit risk exposures in respect of investments by only investing in liquid securities and placing it with diverse creditworthy financial institutions. Cash and fixed deposits are placed with major banks and financial institutions.

For trade and other receivables, the management has a credit policy in place and the exposure of credit risk is monitored on an ongoing basis to minimise credit risk. Monies due from customers are followed up, reviewed on a regular basis to understand the reasons, if any, of non-payment or delay in payment so that appropriate action can be implemented promptly. Credit risks of individual counterparties are generally restricted by credit limits that are approved based on ongoing credit evaluations.

In relation to the corporate guarantees issued by the Company on behalf of its subsidiaries, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries.

Where applicable, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

## 40 Financial instrument and financial risk (Continued)

***Credit risk (Continued)***

Where applicable, the Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating

- External credit rating

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

- Actual or expected significant changes in the operating results of the debtor

- Significant increases in credit risk on other financial instruments of the same debtor

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty in collecting receivables from the debtor

- There is a breach of contract, such as a default or past due event

- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

## 40 Financial instrument and financial risk (Continued)

***Credit risk (Continued)***

The Group's current credit risk grading framework comprises the following categories:

| Category | Definition of category | Basis of recognising expected credit loss (ECL) |
|---|---|---|
| I | Counterparty has a low risk of default and does not have any past-due amounts | 12-months ECL |
| II | Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| III | Amount is >120 days past due or there is evidence indicating the asset is credit-impaired (in default). | Lifetime ECL – credit-impaired |
| IV | There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. | Amount is written off |

The table below details the credit quality of the Group's and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

| | Note | Category | 12 month or lifetime ECL | Gross carrying amount<br>$ | Loss allowance<br>$ | Net carrying amount<br>$ |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31 July 2024** | | | | | | |
| Trade receivables | 12 | Note B | Lifetime ECL (simplified) | 12,407,066 | (393,452) | 12,013,614 |
| Other receivables | 13 | Note A | 12-month ECL | 198,162 | - | 198,162 |
| Amount owing by an associate | 15 | Note A | 12-month ECL | 750,000 | - | 750,000 |
| Fixed deposits | 16 | Note A | 12-month ECL | 2,074,416 | - | 2,074,416 |
| Cash and bank balances | 17 | Note A | 12-month ECL | 2,173,671 | - | 2,173,671 |
| | | | | | (393,452) | |
| **31 July 2023** | | | | | | |
| Trade receivables | 12 | Note B | Lifetime ECL (simplified) | 11,664,411 | (365,357) | 11,299,054 |
| Other receivables | 13 | Note A | 12-month ECL | 158,540 | - | 158,540 |
| Amount owing by an associate | 15 | Note A | 12-month ECL | 750,000 | - | 750,000 |
| Fixed deposits | 16 | Note A | 12-month ECL | 1,772,968 | - | 1,772,968 |
| Cash and bank balances | 17 | Note A | 12-month ECL | 3,742,735 | - | 3,742,735 |
| | | | | | (365,357) | |

## 40 Financial instrument and financial risk (Continued)

***Credit risk (Continued)***

The table below details the credit quality of the Group's and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories: (Continued)

| | Note | Category | 12 month or lifetime ECL | Gross carrying amount $ | Loss allowance $ | Net carrying amount $ |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **31 July 2024** | | | | | | |
| Trade receivables | 12 | Note C | Lifetime ECL (simplified) | 305,212 | - | 305,212 |
| Other receivables | 13 | Note A | 12-month ECL | 55,981 | - | 55,981 |
| Amounts owing by a subsidiary | 14 | Note A | Lifetime ECL (simplified) | 600,000 | (464,700) | 135,300 |
| Amounts owing by an associate | 15 | Note A | 12-month ECL | 750,000 | - | 750,000 |
| Fixed deposits | 16 | Note A | 12-month ECL | 2,074,416 | - | 2,074,416 |
| Cash and bank balances | 17 | Note A | 12-month ECL | 767,270 | - | 767,270 |
| | | | | | (464,700) | |
| **31 July 2023** | | | | | | |
| Trade receivables | 12 | Note C | Lifetime ECL (simplified) | 450,525 | - | 450,525 |
| Other receivables | 13 | Note A | 12-month ECL | 23,073 | - | 23,073 |
| Amounts owing by a subsidiary | 14 | Note A | Lifetime ECL (simplified) | 600,000 | (452,200) | 147,800 |
| Amounts owing by an associate | 15 | Note A | 12-month ECL | 750,000 | - | 750,000 |
| Fixed deposits | 16 | Note A | 12-month ECL | 1,772,968 | - | 1,772,968 |
| Cash and bank balances | 17 | Note A | 12-month ECL | 1,356,407 | - | 1,356,407 |
| | | | | | (452,200) | |

Other receivables, amounts owing by a subsidiary, amounts owing by an associate, fixed deposits, cash and bank balances (Note A)

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Fixed deposits and cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant. The loss allowance for the amounts owing by a subsidiary of $464,700 (2023: $452,200), which was recorded by the Company and eliminated during the Group consolidation, with objective evidence that indicated the financial assets were credit impaired.

## 40 Financial instrument and financial risk (Continued)

***Credit risk (Continued)***

Trade receivables of the Group (Note B)

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

The Group determines the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

During the current financial year, an amount of $59,753 (2023: $194,631) of impairment loss has been recognised in profit or loss.

Summarised below is the information about the credit risk exposure and ECL on the Group's trade receivables using provision matrix:

| | Trade receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Current** | **Past due more than 1 to 30 days** | **Past due more than 31 to 60 days** | **Past due more than 61 to 90 days** | **Past due more than 91 to 120 days** | **Past due more than 120 days** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **31 July 2024** | | | | | | | |
| Expected credit loss rates | 0.2% | 0.2% | 0.5% | 4.8% | 17.8% | 64.0% | |
| Total gross carrying amount | 8,950,364 | 1,862,807 | 672,907 | 255,024 | 155,138 | 510,826 | 12,407,066 |
| ECL | (19,268) | (4,105) | (3,285) | (12,120) | (27,622) | (327,052) | (393,452) |
| | | | | | | | 12,013,614 |
| **31 July 2023** | | | | | | | |
| Expected credit loss rates | 0.2% | 0.2% | 2.9% | 8.8% | 11.6% | 42.9% | |
| Total gross carrying amount | 8,077,363 | 1,946,720 | 360,481 | 333,667 | 317,883 | 628,297 | 11,664,411 |
| ECL | (16,105) | (3,040) | (10,466) | (29,416) | (36,848) | (269,482) | (365,357) |
| | | | | | | | 11,299,054 |

Information regarding loss allowance movement of trade receivables is disclosed in Note 12.

**40 Financial instrument and financial risk (Continued)**

***Credit risk (Continued)***

Trade receivables of the Company (Note C)

For trade receivables, the Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL, using the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL. The Company determines the ECL by using an individual debtor-by debtor basis since the trade receivables of the Company is consisted less than five third parties. ECL is estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company measured the impairment loss allowance using lifetime ECL (simplified) and determined that the ECL is insignificant. Hence, no adjustment is required for ECL.

The movement in the loss allowance during the year and the Group's exposure to credit risk in respect of trade receivables is as follows:

| Group | ECL allowance | Trade receivables<br>Credit impaired | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 1 August 2022** | 147,091 | 81,142 | 228,233 |
| Financial assets repaid | - | (36,179) | (36,179) |
| Assets recognised/originated | 187,152 | 7,479 | 194,631 |
| Financial assets written off | (5,235) | - | (5,235) |
| Currency translation difference | (12,551) | (3,542) | (16,093) |
| **Balance at 31 July 2023** | 316,457 | 48,900 | 365,357 |
| Financial assets repaid | - | (287) | (287) |
| Reversal of unutilised amount | (14,196) | - | (14,196) |
| Assets recognised/originated | 52,530 | 7,223 | 59,753 |
| Financial assets written off | - | (14,441) | (14,441) |
| Currency translation difference | (2,296) | (438) | (2,734) |
| **Balance at 31 July 2024** | 352,495 | 40,957 | 393,452 |
| **Gross carrying amount** | | | |
| At 31 July 2023 | 11,615,511 | 48,900 | 11,664,411 |
| At 31 July 2024 | 12,366,109 | 40,957 | 12,407,066 |
| **Net carrying amount** | | | |
| At 31 July 2023 | 11,299,054 | - | 11,299,054 |
| At 31 July 2024 | 12,013,614 | - | 12,013,614 |

*Exposure to credit risk and credit risk concentration profile*

At the end of the reporting period, the Group's maximum exposure to credit risk relating to corporate guarantee contracts provided by the Company to a bank for facilities granted to a subsidiary is disclosed in Note 38(a).

## 40 Financial instrument and financial risk (Continued)

***Credit risk (Continued)***

Trade receivables of the Company (Note C) (Continued)

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amount on the statement of financial position. The Group does not hold any collateral on the balance outstanding.

The Group does not have any significant concentration of credit risks with any individual or group of customers as none of this individual or group of customers collectively owed more than 1% of the total Group's trade receivables.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the financial year is as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | $ | % of total | $ | % of total |
| **By Country** | | | | |
| Singapore | 305,212 | 3 | 450,525 | 4 |
| Malaysia | 11,708,402 | 97 | 10,848,529 | 96 |
| | 12,013,614 | 100 | 11,299,054 | 100 |

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of financial assets and financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash to meet normal operating commitments. There have been no changes to this policy during the financial year.

The table below analyses the Group's financial liabilities exposure into relevant maturity groupings based on contractual undiscounted cash flows.

## 40 Financial instrument and financial risk (Continued)

***Liquidity risk (Continued)***

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | | | 2024 | | |
|---|---|---|---|---|---|
| | Effective interest rate | Carrying amount | Contractual cash flow | One year or less | Over one year |
| | % | $ | $ | $ | $ |
| **Group** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVOCI | - | 243,704 | 243,704 | 243,704 | - |
| Short-term investments | - | 1,602,726 | 1,602,726 | 1,602,726 | - |
| Trade receivables | - | 12,013,614 | 12,013,614 | 12,013,614 | - |
| Other receivables | - | 139,344 | 139,344 | 139,344 | - |
| Amounts owing by an associate | 4.81 | 750,000 | 750,000 | 750,000 | - |
| Fixed deposits | 2.38 – 3.70 | 2,074,416 | 2,074,416 | 2,074,416 | - |
| Cash and bank balances | - | 2,173,671 | 2,173,671 | 2,173,671 | - |
| Total undiscounted financial assets | | 18,997,475 | 18,997,475 | 18,997,475 | - |
| **Financial liabilities** | | | | | |
| Trade payables | - | 7,721,242 | 7,721,242 | 7,721,242 | - |
| Other payables | - | 1,459,383 | 1,459,383 | 1,459,383 | - |
| Lease liabilities | 6.70 | 144,483 | 154,267 | 82,141 | 72,126 |
| Total undiscounted financial liabilities | | 9,325,108 | 9,334,892 | 9,262,766 | 72,126 |
| Total net undiscounted financial assets/(liabilities) | | 9,672,367 | 9,662,583 | 9,734,709 | (72,126) |

## 40 Financial instrument and financial risk (Continued)

***Liquidity risk (Continued)***

Analysis of financial instruments by remaining contractual maturities (Continued)

| | | | 2023 | | |
|---|---|---|---|---|---|
| | Effective interest rate | Carrying amount | Contractual cash flow | One year or less | Over one year |
| | % | $ | $ | $ | $ |
| **Group** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVOCI | - | 245,882 | 245,882 | 245,882 | - |
| Short-term investments | - | 1,787,158 | 1,787,158 | 1,787,158 | - |
| Trade receivables | - | 11,299,054 | 11,299,054 | 11,299,054 | - |
| Other receivables | - | 112,171 | 112,171 | 112,171 | - |
| Amounts owing by an associate | 4.81 | 750,000 | 750,000 | 750,000 | - |
| Fixed deposits | 3.70 | 1,772,968 | 1,772,968 | 1,772,968 | - |
| Cash and bank balances | | 3,742,735 | 3,742,735 | 3,742,735 | - |
| Total undiscounted financial assets | | 19,709,968 | 19,709,968 | 19,709,968 | - |
| **Financial liabilities** | | | | | |
| Trade payables | - | 7,132,926 | 7,132,926 | 7,132,926 | - |
| Other payables | - | 1,314,254 | 1,314,254 | 1,314,254 | - |
| Lease liabilities | 6.70 | 145,992 | 149,324 | 55,057 | 94,267 |
| Total undiscounted financial liabilities | | 8,593,172 | 8,596,504 | 8,502,237 | 94,267 |
| Total net undiscounted financial assets/(liabilities) | | 11,116,796 | 11,113,464 | 11,207,731 | (94,267) |

The contractual undiscounted cash flows of the Company's non-derivative financial assets and liabilities at the end of the reporting period are due within 12 months equal their carrying amount.

The maximum amount of financial guarantee for the Company is up to $1,315,705 at the end of the financial year.

## 40 Financial instrument and financial risk (Continued)

***Liquidity risk (Continued)***

***Financial instrument by category***

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

| | Note | Group 2024 $ | Group 2023 $ | Company 2024 $ | Company 2023 $ |
|---|---|---|---|---|---|
| ***Financial assets at fair value through profit or loss*** | | | | | |
| Short-term investments | 11 | 1,602,726 | 1,787,158 | - | - |
| ***Financial assets at fair value through other comprehensive income*** | | | | | |
| Financial assets at fair value through other comprehensive income | 9 | 243,704 | 245,882 | - | - |
| ***Financial assets at amortised cost*** | | | | | |
| Trade receivables | 12 | 12,013,614 | 11,299,054 | 305,212 | 450,525 |
| Other receivables | 13 | 139,344 | 112,171 | 55,981 | 23,073 |
| Amounts owing by a subsidiary | 14 | - | - | 135,300 | 147,800 |
| Amounts owing by an associate | 15 | 750,000 | 750,000 | 750,000 | 750,000 |
| Fixed deposits | 16 | 2,074,416 | 1,772,968 | 2,074,416 | 1,772,968 |
| Cash and bank balances | 17 | 2,173,671 | 3,742,735 | 767,270 | 1,356,407 |
| | | 17,151,045 | 17,676,928 | 4,088,179 | 4,500,773 |
| ***Financial liabilities at amortised cost*** | | | | | |
| Amounts owing to subsidiaries | 14 | - | - | 456,790 | 400,000 |
| Trade payables | 24 | 7,721,242 | 7,132,926 | 202,410 | 346,804 |
| Other payables | 25 | 1,459,383 | 1,314,254 | 346,458 | 391,030 |
| | | 9,180,625 | 8,447,180 | 1,005,658 | 1,137,834 |

## 41 Fair value of assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the financial year. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in active market (such as unquoted equity investments) are determined by using valuation techniques such as asset-based approach.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 41 Fair value of assets and liabilities (Continued)

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

| | | Fair value measurements at the reporting date using | | | |
|---|---|---|---|---|---|
| Group | Note | Quoted prices in active markets for identical instruments (Level 1) $ | Significant observable inputs other than quoted prices (Level 2) $ | Significant unobservable inputs (Level 3) $ | Total $ |
| **Financial assets** | | | | | |
| **2024** | | | | | |
| At FVOCI - unquoted equity investments | 9 | - | - | 243,704 | 243,704 |
| At FVPL - quoted equity investments | 11 | 1,602,726 | - | - | 1,602,726 |
| Financial assets as at end of financial year | | 1,602,726 | - | 243,704 | 1,846,430 |
| **2023** | | | | | |
| At FVOCI - unquoted equity investments | | - | - | 245,882 | 245,882 |
| At FVPL - quoted equity investments | | 1,787,158 | - | - | 1,787,158 |
| Financial assets as at end of financial year | | 1,787,158 | - | 245,882 | 2,033,040 |

## 41 Fair value of assets and liabilities (Continued)

### (c) Assets not carried at fair value but which fair value are disclosed

| Group and Company | Carrying amount | Fair value measurements at the reporting date using: Quoted prices in active markets for identical instruments (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Non-financial assets** | | | | |
| **2024** | | | | |
| Property, plant and equipment | 2,407,505 | - | - | 23,300,000 |
| Investment property | 10,388,660 | - | - | |
| **2023** | | | | |
| Property, plant and equipment | 2,462,014 | - | - | 23,000,000 |
| Investment property | 10,536,038 | - | - | |

### (d) Level 3 fair value measurement

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table show the information about fair value measurements using significant unobservable inputs (Level 3):

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| **Group** | | | |
| At FVOCI – unquoted equity investments | Asset-based approach | Adjusted net tangible assets value | The estimated fair value would increase (decrease) if net tangible asset value was higher (lower). |

Determination of fair values

*Financial assets at FVOCI*

The total cost of investments which amounted to RM68,000 as at 1 August 2023 is equivalent to approximately $19,958 as disclosed in Note 41(e), comprising one company, UCT.

United Commercial Trading (Malaysia) Sendirian Berhad (“UCT”) - Malaysia

## 41 Fair value of assets and liabilities (Continued)

### (d) Level 3 fair value measurement (Continued)

The fair value of the unquoted equity investment at FVOCI as at the end of the reporting period is determined by a valuation technique using the asset-based approach, which takes into consideration the fair value of the adjusted net tangible assets of UCT, which is one of the related parties of the Group, to which is multiplied by the Group's percentage shareholdings in UCT.

Included in UCT's net tangible assets value of RM3,085,774 is an investment property with cost amounting to RM866,016. The fair value of this investment property is RM4,470,000 which is based on the highest and best use basis determined by an independent professionally qualified valuer. Based on this asset-based approach valuation technique, management has determined that the adjusted net tangible asset value which amounted to RM6,689,758, represents the fair value of the unquoted equity investment as at 31 July 2024. Accordingly, the Group's 13.18% share of the fair value of UCT is RM881,710 resulting in a fair value gain of RM43,953 (approximately $12,619, which is immaterial to be adjusted), as compared with its fair value of RM837,757 as at 1 August 2019.

### (e) Movements in Level 3 assets measured at fair value

| | Fair value measurements using significant unobservable inputs (Level 3) | |
|---|---|---|
| | Unquoted equity investments | |
| | 2024 | 2023 |
| | $ | $ |
| **Group** | | |
| **Financial assets at FVOCI** | | |
| Balance at beginning of the financial year | 19,958 | 21,073 |
| Currency translation difference | (177) | (1,115) |
| | 19,781 | 19,958 |
| Add: Fair value changes | | |
| Balance at beginning of the financial year | 225,924 | 238,548 |
| Currency translation difference | (2,001) | (12,624) |
| Balance at end of the financial year | 223,923 | 225,924 |
| | 243,704 | 245,882 |

## 42 Capital management

The primary objective of the Group's capital management is to maintain a good credit rating and healthy capital ratios in order to support its business and enhance shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2024 and 31 July 2023.

The capital structure of the Group consists of equity attributable to equity holders of the Company.

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 July 2024 and 31 July 2023.

## 43 Prior year adjustments

Certain restatements have been made to the prior year's financial statements to correctly classify certain portion of the building held by the Group for administrative purpose from investment property to property, plant and equipment. The related depreciation expenses are also reclassified from depreciation of investment property to depreciation of property, plant and equipment.

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

| | Balance as previously reported | Adjustment | Balance as restated |
|---|---|---|---|
| | $ | $ | $ |
| **As at 1 August 2022** | | | |
| **Statement of financial position** | | | |
| **The Group** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4,156,108 | 2,516,523 | 6,672,631 |
| Investment property | 13,199,939 | (2,516,523) | 10,683,416 |
| **The Company** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 586,032 | 2,516,523 | 3,102,555 |
| Investment property | 13,199,939 | (2,516,523) | 10,683,416 |

| | Balance as previously reported | Adjustment | Balance as restated |
|---|---|---|---|
| | $ | $ | $ |
| **As at 31 July 2023** | | | |
| **Statement of financial position** | | | |
| **The Group** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3,850,826 | 2,462,014 | 6,312,840 |
| Investment property | 12,998,052 | (2,462,014) | 10,536,038 |
| **The Company** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 624,661 | 2,462,014 | 3,086,675 |
| Investment property | 12,998,052 | (2,462,014) | 10,536,038 |

## 43 Prior year adjustments (Continued)

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

| For the financial year ended 31 July 2023 | Balance as previously reported | Adjustment | Balance as restated |
|---|---|---|---|
| | $ | $ | $ |
| **The Group** | | | |
| Depreciation and amortisation expenses | | | |
| - Property, plant and equipment | 511,403 | 54,509 | 565,912 |
| - Investment property | 201,887 | (54,509) | 147,378 |

# ANALYSIS OF SHAREHOLDINGS AS AT 18 OCTOBER 2024

| | |
|---|---|
| ISSUED AND FULLY PAID-UP CAPITAL | :S$ |
| NUMBER OF SHARES ISSUED | :25,812,520 |
| CLASS OF SHARES | :ORDINARY SHARES |
| VOTING RIGHTS | :1 VOTE PER SHARE |
| NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS | :NIL |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | NO. OF SHARES | % OF SHARES |
|---|---|---|---|---|
| 1 - 99 | 11 | 1.48 | 320 | 0.00 |
| 100 - 1,000 | 249 | 33.51 | 130,275 | 0.50 |
| 1,001 - 10,000 | 367 | 49.40 | 1,410,594 | 5.47 |
| 10,001 - 1,000,000 | 111 | 14.94 | 6,313,606 | 24.46 |
| 1,000,001 & ABOVE | 5 | 0.67 | 17,957,725 | 69.57 |
| TOTAL | 743 | 100.00 | 25,812,520 | 100.00 |

## SHAREHOLDINGS IN THE HANDS OF THE PUBLIC AS AT 18 OCTOBER 2024

The percentage of shareholdings in the hands of the public was approximately 33.36% and hence the company has complied with Rule 723 of the New SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

## TOP TWENTY SHAREHOLDERS AS AT 18 OCTOBER 2024

| NAME OF SHAREHOLDERS | NO. OF SHARES | % OF SHARES |
|---|---|---|
| KAH HONG PTE LTD | 4,670,830 | 18.10 |
| CEPHEUS CORPORATION PTE LTD | 4,302,430 | 16.67 |
| KHONG GUAN GROUP PTE LTD | 3,698,465 | 14.33 |
| KHONG GUAN DEVELOPMENT PTE LTD | 2,899,600 | 11.23 |
| GTK HOLDING PTE LTD | 2,386,400 | 9.24 |
| UNITED OVERSEAS BANK NOMINEES PTE LTD | 923,500 | 3.58 |
| GOH TEE KIA | 668,000 | 2.59 |
| PHILLIP SECURITIES PTE LTD | 337,900 | 1.31 |
| GOH LAY ENG OR NG QIAN HUI | 337,200 | 1.30 |
| DBS NOMINEES PTE LTD | 267,740 | 1.04 |
| CHUA PANG | 229,000 | 0.89 |
| NG SOO GIAP OR CHEW SOOI GUAT | 210,700 | 0.81 |
| EST OF CHEW SOO ENG, DEC'D | 201,666 | 0.78 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 199,100 | 0.77 |
| WANG TONG PENG @WANG TONG PANG | 141,000 | 0.54 |
| YAP MUI CHENG,ANGELA | 108,000 | 0.42 |
| THIA CHENG SONG | 105,000 | 0.41 |
| NG POH CHENG | 96,000 | 0.37 |
| CHEW SOO AIK | 92,000 | 0.36 |
| NG TONG HUAT | 92,000 | 0.36 |
| TOTAL | 21,966,531 | 85.10 |

# ANALYSIS OF SHAREHOLDINGS AS AT 18 OCTOBER 2024

## SUBSTANTIAL SHAREHOLDERS

| | DIRECT INTEREST | | DEEMED INTEREST | | |
|---|---|---|---|---|---|
| NAME OF SHAREHOLDERS | NO. OF SHARES | % | NO. OF SHARES | | % |
| CEPHEUS CORPORATION PTE LTD | 5,152,430 | 19.96 | 3,694,465 | *1 | 14.31 |
| KAH HONG PTE LTD | 4,670,830 | 18.10 | 3,694,465 | *2 | 14.31 |
| KHONG GUAN GROUP PTE LTD | 3,694,465 | 14.31 | - | | - |
| KHONG GUAN DEVELOPMENT PTE LTD | 2,899,600 | 11.23 | - | | - |
| GOH TEE KIA | 668,000 | 2.59 | 2,615,400 | *3 | 10.13 |
| GTK HOLDING PTE LTD | 2,386,400 | 9.25 | - | | - |
| JIA FENG LIMITED | - | - | 3,694,465 | *4 | 14.31 |

Notes:

*1 Cepheus Corporation Pte Ltd is deemed to be interested in the 3,694,465 shares held by Khong Guan Group Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*2 Kah Hong Pte Ltd is deemed to be interested in the 3,694,465 shares held by Khong Guan Group Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*3 Mr Goh Tee Kia is deemed to be interested in the 2,386,400 shares held by GTK Holding Pte Ltd and 229,000 shares held by Madam Chua Pang (wife) by virtue of the provisions of Section 7 of Companies Act, Cap 50.

*4 Jia Feng Limited is deemed to be interested in the 3,694,465 shares held by Khong Guan Group Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of KHONG GUAN LIMITED ("the **Company**") will be held at the Company's office at 2 MacTaggart Road #04-01, Khong Guan Building, Singapore 368078 on Friday, 29 November 2024 at 11.00 a.m. to transact the following business:

## Ordinary Business

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 July 2024 together with the Statement by Directors and the Independent Auditors Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$106,000 (2023: S$102,208) for the financial year ended 31 July 2024. **(Resolution 2)**

3. To re-elect Mr Chew Kian Boon Daniel, a Director who is retiring pursuant to Article 105(B) of the Company's Constitution. *[See Explanatory Note (i)]* **(Resolution 3)**

4. To re-elect Mr Tan Tiong Huat Alex, a Director who is retiring pursuant to Article 105(B) of the Company's Constitution. *[See Explanatory Note (ii)]* **(Resolution 4)**

5. To re-elect Mr Chew Kian Hong Michael, a Director who is retiring pursuant to Article 110(A) of the Company's Constitution. *[See Explanatory Note (iii)]* **(Resolution 5)**

6. To re-appoint Forvis Mazars LLP as Independent Auditors of the Company for the financial year ending 31 July 2025 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business.

## Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions with or without any modifications:

8. **Renewal of shareholders' mandate for interested person transactions** **(Resolution 7)**

   "That:

   (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), for the renewal of the mandate (the "**Shareholders' Mandate**") which has been amended to incorporate certain changes including the revised Individual and Aggregate Thresholds, particulars of which are set out in the Appendix to this Notice of AGM for the Company and its subsidiaries or any of them to enter into any of the transactions falling within the types of the interested person transactions described in the said Appendix;

   (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; and

   (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this Resolution."
   *[See Explanatory Note (iv)]*

9. **Share Issue Mandate** **(Resolution 8)**

   "That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**"), and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary shareholdings) (as calculated in accordance with sub paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the passing of this Resolution after adjusting for:

(a) new shares arising from the conversion of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance to sub-paragraph 2(a) and 2(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Note (v)]*

By Order of the Board

Nor Hafiza Alwi
Company Secretary

Singapore, 14 November 2024

**Explanatory Notes:**

(i) Ordinary Resolution 3 - Mr Chew Kian Boon Daniel will, upon re-election as a Director, remain as an Executive Director of the Company. Detailed information on Mr Chew Kian Boon Daniel can be found in the Annual Report 2024. Save as disclosed therein, there are no other relationships (including immediate family relationships) between Mr Chew Kian Boon Daniel and the other Directors of the Company, the Company or substantial shareholders.

(ii) Ordinary Resolution 4 - Mr Tan Tiong Huat Alex will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company. Mr Tan Tiong Huat Alex is considered independent for the purposes of Rule 704(8) of the Listing Manual. Mr Tan Tiong Huat Alex does not have any relationships (including immediate family relationships) with the other Directors of the Company, the Company or the substantial shareholders, which may affect his independence. Detailed information on Mr Tan Tiong Huat Alex can be found in the Annual Report 2024.

(iii) Ordinary Resolution 5 - Mr Chew Kian Hong Michael will, upon re-election as a Director, remain as an Executive Director of the Company. Detailed information on Mr Chew Kian Hong Michael can be found in the Annual Report 2024. Save as disclosed therein, there are no other relationships (including immediate family relationships) between Mr Chew Kian Hong Michael and the other Directors of the Company, the Company or substantial shareholders.

(iv) Ordinary Resolution 7 - if passed, will renew the IPT Mandate to enable the Company, its subsidiaries and associated companies which are entities at risk as defined under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions between the Group and the classes of Interested Persons as described in the Appendix to the Notice of the AGM dated 14 November 2024. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required by law to be held, whichever is the earlier.

(v) Ordinary Resolution 8 - if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty percent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued share capital of the Company) for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

**IMPORTANT INFORMATION:**

1. The AGM will be held, in a wholly physical format, at the venue, date and time stated above. Members, including CPF and SRS investors, and (where applicable) duly appointed proxies or representatives will be able to ask questions and vote at the AGM by attending the AGM in person. There will be no option for shareholders to participate virtually.

2. Printed copies of the Annual Report 2024 will be sent by post to members. These documents will also be published on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

3. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

4. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

5. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM (ie. on 19 November 2024). CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy or proxies must be submitted either:

   (a) by post and deposited at the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03, Robinson 77, Singapore 068896; or

   (b) via email to main@zicoholdings.com

   not less than 48 hours before the time appointed for the AGM (i.e. by 11.00 a.m. on 27 November 2024).

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM (i.e. by 11.00 a.m. on 26 November 2024), as certified by The Central Depository (Pte) Limited to the Company.

9. Members may submit their questions in relation to the resolutions of the AGM by email to:

   (a) email to: main@zicoholdings.com; or

   (b) in hard copy by sending personally or by post to the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03, Robinson 77, Singapore 068896

   Members submitting questions are required to provide their particulars as follows:

   (a) Full name (for individuals)/company name (for corporates) as per CDP/SRS account records;
   (b) NRIC/FIN/Passport No./Company Registration No.;
   (c) Number of shares in the capital of the Company held;
   (d) Contact Number; and
   (e) Email Address.

   All questions must be submitted within 7 calendar days from the date of this Notice of AGM, i.e. by 21 November 2024 ("**Cut-Off Time**").

   The Company will endeavor to address questions which are substantial and relevant and received from members who are verifiable against the Depository Register or the Register of Members. The Company's responses to members' questions will be posted on the SGXNet at https://www.sgx.com/securities/company-announcements not later than 48 hours before the closing date and time for the lodgement of the Proxy Forms, i.e. by 11.00 a.m. on 25 November 2024.

   Verified members and Proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet and the minutes will include the responses to the questions referred to above.

   Members are strongly encouraged to submit questions and Proxy Forms electronically via email.

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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KHONG GUAN
LIMITED
(Company Regn. No. 196000096G)
(Incorporated in the Republic of Singapore)

# PROXY FORM

*(Please read notes overleaf before completing this Form)*

**Important**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") who wishes to vote at the Annual General Meeting ("**AGM**") should approach their respective agent banks to submit their votes at least seven working days before the date of the AGM (i.e. by 11.00 a.m. on 19 November 2024). CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regards to appointment as to the appointment of the Chairman of the AGM as proxy for the AGM.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this Proxy Form.

**PERSONAL DATA PRIVACY**

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Company's Notice of AGM dated 14 November 2024.

*I/We ______________________ (Name) ______________________ (NRIC/Passport/Company Reg. No.)

of ____________________________________________

being a *member/members of Khong Guan Limited (the "**Company**"), hereby appoint(s):

| Name | Address | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| | | | | |

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at the Company's office at 2 MacTaggart Road #04-01, Khong Guan Building, Singapore 368078 on Friday, 29 November 2024 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

All Resolutions put to the vote at the AGM shall be decided by way of poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution.

| No. | Resolutions | For | Against | Abstain |
|---|---|---|---|---|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2024 | | | |
| 2. | To approve Directors' Fees | | | |
| 3. | To re-elect Mr Chew Kian Boon Daniel | | | |
| 4. | To re-elect Mr Tan Tiong Huat Alex | | | |
| 5. | To re-elect Mr Chew Kian Hong Michael | | | |
| 6. | Tp re-appoint Forvis Mazars LLP (formerly known as Mazars LLP) as Auditors of the Company and to authorise the Directors to fix their remuneration | | | |
| 7. | To renew the shareholders' mandate for interested person transactions | | | |
| 8. | To approve the Share Issue Mandate | | | |

Dated this ______________ day of ____________________ 2024.

| Total Number of Shares in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

*delete as appropriate
**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by CDP), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy(ies) and/or representative(s) shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).

2. A proxy need not be a member of the Company.

3. A member (whether individual or corporate including a Relevant Intermediary*) appointing proxy(ies) through the instrument appointing proxy(ies) (the "Proxy Form") must give specific instructions as to his/her/its manner of voting, or abstentions from voting, failing which the appointment will be treated as invalid.

4. CPF Investors and SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 19 November 2024). CPF Investors and SRS Investors should not directly appoint the Chairman as proxy to direct the vote.

5. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative to attend the AGM, in accordance with Section 179 of the Companies Act 1967 ("Companies Act").

7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) and/or representative(s) is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy(ies) and/or representative(s) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged at the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03, Robinson 77, Singapore 068896.

8. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03, Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com

   in any case, not later than 11.00 a.m. on 27 November 2024 (being 48 hours before the time fixed for the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.

General:

The Company shall be entitled to reject the instrument appointing a proxy(ies) and/or representative(s) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) and/or representative(s). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) and/or representative(s) lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 November 2024.

KHONG GUAN
LIMITED
Company Registration No. 196000096G