Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Khong Guan Limited

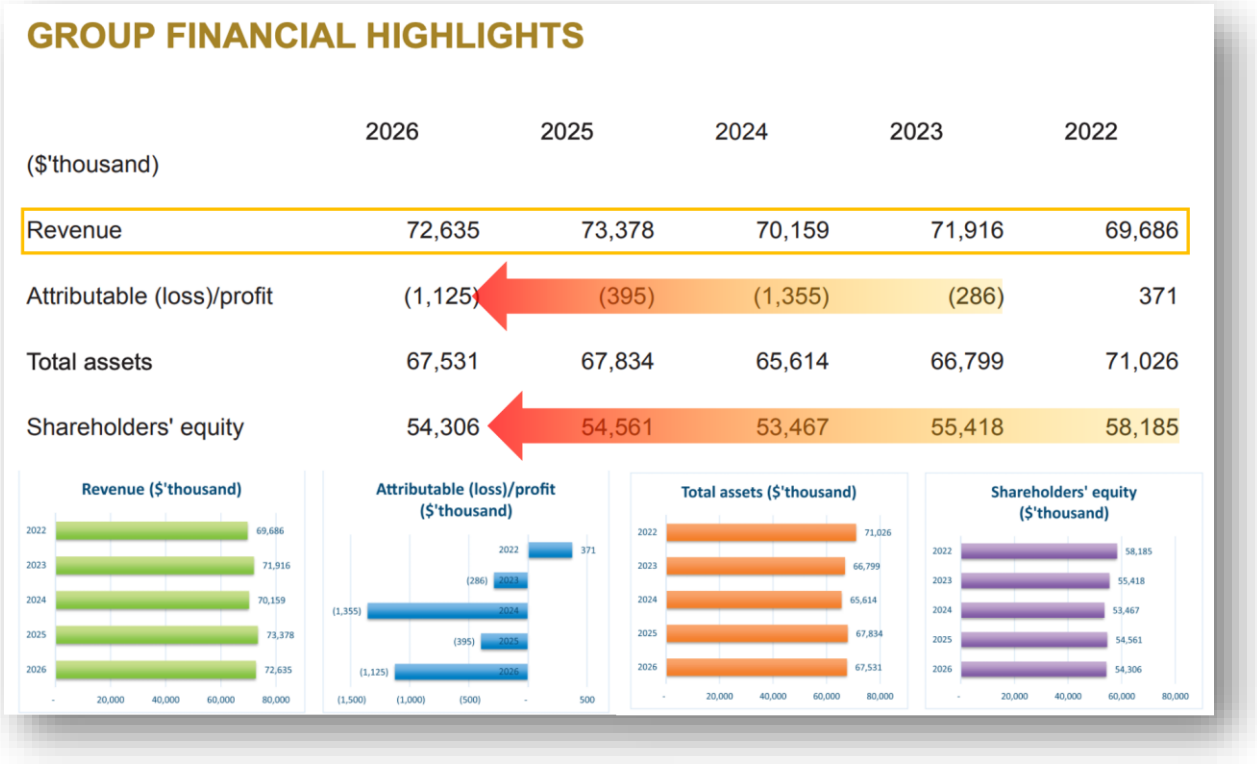
Stock code: K03

Meeting details:
Date: 24 November 2026
Time: 11.00 a.m.
Venue: 2 MacTaggart Road #04-01, Khong Guan Building, Singapore 368078

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. As noted in the chairman's statement, Tong Guan Food Products Sdn. Bhd. recorded a 1.6% decline in revenue to RM141.8 million, mainly due to lower sales of biscuits and cooking oil products. Swee Hin Chan Company Sdn. Berhad reported a 10.8% decline in revenue to RM82.6 million, primarily due to lower selling prices and sales volumes for starch products. The group also holds a 30% stake in United Malayan Flour (1996) Sdn. Bhd. (UMF), which is accounted for as an associate.

Over the past five years, the group's growth appears to have stagnated, with losses attributable to shareholders reported in the past four years and a shrinking shareholders' equity base.



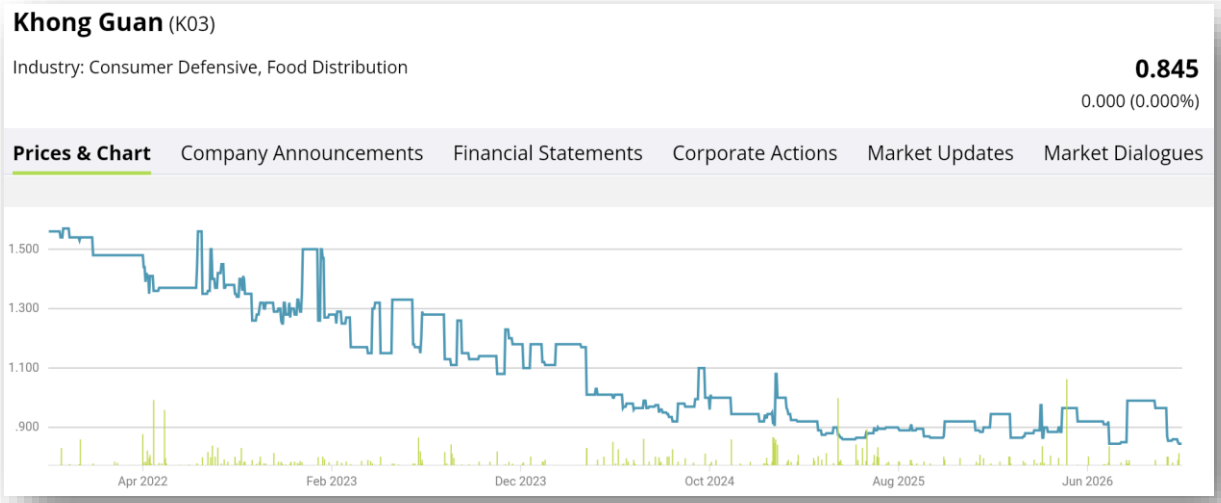
GROUP FINANCIAL HIGHLIGHTS

($'thousand)	2026	2025	2024	2023	2022
Revenue	72,635	73,378	70,159	71,916	69,686
Attributable (loss)/profit	(1,125)	(395)	(1,355)	(286)	371
Total assets	67,531	67,834	65,614	66,799	71,026
Shareholders' equity	54,306	54,561	53,467	55,418	58,185

(Source: company annual report; emphasis added)

With the STI hitting new all-time highs in recent months, the company's share price has steadily declined over the years and last traded at around $0.85 per share. According to SGX StockFacts, the price-to-book value ratio is approximately 0.4 times.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y



(Source: https://investors.sgx.com/market/securities?code=K03&type=stocks&lang=en)

(i) Can the executive directors articulate the company's investment merits and the strategy for restoring sustainable growth and profitability? In addition, what are the group's competitive advantages, and which specific growth opportunities does management intend to pursue over the next three to five years?

(ii) How does management intend to communicate the group's investment merits and growth strategy to the capital market and investors?

The three executive directors on the board are Mr Chew Soo Lin, Mr Chew Kian Boon Daniel and Mr Chew Kian Hong Michael.

(iii) How are their respective responsibilities and decision-making authority delineated? Is there any overlap in their executive roles, and who has ultimate accountability for the group's overall P&L performance and the delivery of its turnaround strategy? Are all three executive directors engaged on a full-time basis in managing the group's affairs, and what are their respective time commitments?

(iv) Given the erosion of shareholders' equity from $58.2 million to $54.3 million, how does the board assess the group's ability to generate adequate returns on its capital base? What measures are being taken to improve capital efficiency, and how does the board ensure that further capital is not allocated to businesses or activities that consistently fail to generate acceptable returns?

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q2. During the year, the group ceased to account for SGProtein Pte. Ltd. (SGP) as an associate following the dilution of its shareholding from 21.03% to 19.96% and changes in board representation, resulting in the loss of significant influence.

The dilution arose from an increase in SGP's share capital following the conversion of share options and the issuance of new shares to a new investor. The increase in the number of shares issued was approximately 204,949, representing approximately 5.36% of the relevant share base.

Prior to the reclassification, the group recognised a loss on deemed disposal of $(1,707,566), reducing the carrying amount of its investment in SGP from $2.4 million to $692,434. The investment was subsequently reclassified as a financial asset at fair value through profit or loss, with a carrying value of $100,000, and a further unrealised fair value loss of $(592,000) was recognised.

11 Short-term investments

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

	Note	Group		Company	
		2026	2025	2026	2025
		$	$	$	$
Unquoted investments					
Balance at beginning of the financial year		-	-	-	-
Reclassified from investments in associates		692,434	-	692,434	-
Unrealised fair value loss		(592,434)	-	(592,434)	-
Balance at end of the financial year		100,000	-	100,000	-

(Source: company annual report)

(i) Can the audit committee provide shareholders with greater clarity on the basis for determining the carrying value of $692,434 following the loss of significant influence, which resulted in a deemed disposal loss of $1,707,566 from the previous carrying amount of $2.4 million? What valuation methodology, assumptions and inputs were used, and was an independent valuation obtained?

(ii) At what valuation did the new investor subscribe for shares in SGP? Did the group have any pre-emptive or anti-dilution rights in relation to its SGP investment, and if so, on what basis did the board decide against making further investments into SGP?

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

(iii) How was the current carrying value of $100,000, classified as a short-term unquoted equity investment (financial asset), determined, given the previous carrying value of $692,434 (as an associate)? What valuation methodology and assumptions were applied?

On 28 August 2026, the company reached an agreement in principle with Mr Michael Chew, an executive director, in relation to the proposed disposal of its 804,013 shares in SGP. Under the proposed arrangement, Mr Michael Chew or another purchaser acceptable to the company would acquire the shares for a consideration of not less than $100,000.

(iv) Given the proposed transaction involves an executive director, how has the board assessed the fairness of the proposed consideration and managed the potential conflict of interest? What independent safeguards have been put in place to ensure that the disposal is conducted on an arm's-length basis and in the interests of the company and its shareholders?

Q3. In the chairman's statement, the board noted that no dividend had been recommended for FY2026, following the group's loss for the year. In FY2025, the group paid a dividend of $0.01 per ordinary share. The board considers it prudent to reinvest in the business to strengthen its financial position and support future growth initiatives.

The group's FY2026 loss was primarily attributable to the decline in the value of its investment in SGP. At the company level, dividends received from subsidiaries amounted to $1.16 million, with a further $0.34 million received from UMF.

34 Significant related party transactions (Continued)

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	
	2026 $	2025 $	2026 $	2025 $
Purchases from				
- Associate	11,474,399	11,735,131	1,369,069	1,210,690
- Related parties	6,780,316	7,474,282	72,333	26,145
- Subsidiary	-	-	-	41,112
Dividends received from subsidiaries	-	-	1,160,130	845,875

(Source: company annual report)

(i) What has been the total shareholder return over the past 5, 10, 15 years, and since 23 August 2007? Has the board reviewed the company's long-term

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

shareholder returns and how does the board assess the performance and value creation?

At the company level, retained profits of $2.6 million have turned into an accumulated loss position of $(53,548) as at 31 July 2026.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2026

	Note	GROUP 2026 $	GROUP 2025 $	COMPANY 2026 $	COMPANY 2025 $
EQUITY AND LIABILITIES					
Equity					
Share capital	17	33,278,673	33,278,673	33,278,673	33,278,673
Capital reserve	18	129,359	175,545	-	-
Foreign currency translation reserve	19	(501,968)	(1,676,095)	-	-
Retained profits		21,400,040	22,783,263	(53,548)	2,614,485

(Source: company annual report; emphasis added)

(ii) Given the company's persistent losses and the board's intention to reinvest capital, how does the board assess the merits of retaining and deploying further capital rather than returning capital to shareholders? What financial and strategic criteria must investments meet before capital is committed? Has the current management team demonstrated a track record of value creation through the group's operations and investments?

(iii) Has the board undertaken a formal assessment of the company's optimal capital structure and the level of cash required to fund its operating needs?

(iv) With more than $4 million in fixed deposits and cash and bank balances, has the board deliberated on a capital reduction to right-size its balance sheet and to allow shareholders to make their own capital allocation decisions?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y