



HOR KEW CORPORATION LIMITED
(Reg. No. 199903415K)

CLARIFICATIONS ON APPOINTMENTS OF AW YUE YING, ELISE AS INTERNAL AUDIT MANAGER ON 1 JANUARY 2021 AND AS EXECUTIVE MANAGER ON 1 JANUARY 2022

Background information:

Hor Kew Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announced the appointment of Ms Aw Yue Ying, Elise as Internal Audit Manager on 1 January 2021 and her promotion to Executive Manager on 1 January 2022 in two separate announcements on SGXNET both dated 13 March 2023.

The Company was late in complying with the requirements under Listing Rules 704(9) and/or 704(10) as there was a delay between the dates when Ms Aw Yue Ying, Elise was appointed as Internal Audit Manager and as Executive Manager and the date when the Company announced her appointments on SGXNET, but the Company hereby gives its assurance to improve in this aspect. The Company had however complied with the disclosure under Note E22 (Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder) of the Group’s full year results announcements for financial year ended 31 December 2021 (“**FY2021**”) and financial year ended 31 December 2022 (“**FY2022**”), released on SGXNET on 1 March 2022 and on 1 March 2023 respectively. Ms Aw Yue Ying, Elise was disclosed to be the sister of both the Chairman and CEO Mr Aw Chi-Ken, Benjamin and the Executive Director, Ms Aw Ying Ying, Elicia. Ms Aw Yue Ying, Elise was additionally disclosed to be the niece of both Mr Aw Khoon Hwee and Mr Aw Soon Hwee, who were substantial shareholders of the Company and directors of the Group’s principal subsidiaries.

The Board of Directors (the “**Board**”) wishes to provide the following clarifications relating to Ms Aw Yue Ying, Elise’s appointments as Internal Audit Manager and subsequently as Executive Manager:-

Company’s clarifications:

When Ms Aw Yue Ying, Elise was appointed as Internal Audit Manager on 1 January 2021, the Audit Committee (the “**AC**”) and the Board were fully aware that she being the sister of the Chairman and CEO and an Executive Director, was not independent and therefore would not qualify to be part of the Group’s internal audit function. However, the role and responsibilities of Ms Aw Yue Ying, Elise were not that of the Group’s Internal Auditor. As mentioned in the afore-mentioned SGXNET announcement on 13 March 2023, Ms Aw Yue Ying, Elise, was responsible for performing quality checks on the production function and ensuring cost control over the purchasing function in the prefabricated concrete building components business within the Group. This meant that she was performing these functions not for the whole Group, but only for the prefabricated concrete building components business within the Group amongst other lines of businesses. In addition, the findings of her work were not presented to nor used by the AC to fulfil the internal audit function requirements of SGX listed companies, but were used by the Company for management purposes.

The afore-mentioned SGX announcement on 13 March 2023 also stated that prior to Ms Aw Yue Ying, Elise's appointment as Internal Audit Manager on 1 January 2021, her designation was that of Quality Management Representative under the precast concrete business's Singapore entity Prefab Technology Pte Ltd ("**PFT**") from 5 November 2018. As a Quality Management Representative, her duties involved that of performing quality checks on the production function and ensuring cost control over the purchasing function in the prefabricated concrete building components business within the Group. Her promotion to Internal Audit Manager gave her added responsibilities and expanded scope to also include quality checks and cost control over the precast concrete operations of the Malaysian entity Prefab Technology Sdn Bhd ("**PFTSB**"). As it was similar in nature to the work she had been doing for more than two years, the Board was satisfied that she was qualified and competent for the said promotion.

The Group's outsourced its internal audit function to In.Corp Business Advisory Pte. Ltd. ("**In.Corp**") in FY2021. Although Aw Yue Ying, Elise's designation was Internal Audit Manager, In.Corp does not report to Aw Yue Ying, Elise for their work. In.Corp reports directly to the AC for all their findings and recommendations. In fact, in the process of carrying out their work, In.Corp as the Group's appointed Internal Auditor may even audit certain work done by Ms Aw Yue Ying, Elise where needed. Ms Aw Yue Ying, Elise is subject to the same internal audit work requirements of In.Corp no different from any other employee within the Group. After Ms Aw Yue Ying, Elise's subsequent appointment as Executive Manager on 1 January 2022, there was no longer any confusion between her role and that of our outsourced Internal Auditor. In her new designation, Ms Aw Yue Ying, Elise is responsible for the supervision of the operations and purchasing functions of both PFT and PFTSB including inventory control of PFTSB. Just like before, Ms Aw Yue Ying, Elise's work as Executive Manager is subject to the review of the Group's Internal Auditor, and is not used for fulfilling the internal audit function requirements of SGX listed companies.

Under Provision 8.2 of the Code of Corporate Governance 2018 which forms part of SGX listing rules requirements, the Company is required to disclose the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The Company therefore would like to hereby additionally disclose that:

- 1) Ms Aw Yue Ying, Elise owns 2,234,184 shares in the Company which is less than 5% of the Company's total issued shares, and is therefore not considered a substantial shareholder, and
- 2) The remuneration of Ms Aw Yue Ying, Elise did not exceed \$100,000 in FY2021 and FY2022.

With the above facts and information, the AC and also the Board are of the view that there was no conflict of interest for the Group in appointing Ms Aw Yue Ying, Elise as Internal Audit Manager on 1 January 2021 and as Executive Manager on 1 January 2022.

BY ORDER OF THE BOARD

MS KOH EE KOON
COMPANY SECRETARY
28 March 2023