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

RESPONSE TO SGX QUERIES DATED 31 AUGUST 2020

The Board of Directors (the '**Board**') of Hor Kew Corporation Limited (the '**Company**' and together with its subsidiaries, the "**Group**") wishes to provide the following information in response to SGX's queries received on 31 August 2020 relating to the Company's 2020 First Half Yearly Results (1H2020) released on 14 August 2020:-

Query 1:

On page 2 of the Company's 1H2020 financial statements for the period ended 30 June 2020, the Company disclosed Depreciation of property, plant and equipment amounting to $2.626 million for 1H2020, 30% decrease in depreciation compared to 1H2019 depreciation of $3.729million. Please disclose the reasons for the 30% decrease in depreciation.

Company's response:

The decrease in depreciation was mainly due to a decrease in the depreciation of molds used in the casting of our precast concrete products, as there were lesser new molds being purchased and many existing molds had already been fully depreciated.

Query 2:

On page 3 of the Company's 1H2020 financial statements, the Company reported Trade receivables amounting to $13.452 million which exceeds the Company's Revenue of $2.44 million. Please provide the aging schedule (in bands of 3 months) and comment on the collectability of the debts. Please disclose if these customers are still in operation and what were the Board's assessments on their ability to pay.

Company's response:

The aging schedule of trade receivables as at 30 June 2020 is as follows:

	< 3 months	**< 6 months**	**< 9 months**	**< 12 months**	**> 12 months**	**Total**
Trade receivables ($'million)	2.246	2.145	2.799	1.745	4.517	13.452

The above trade receivables have been determined to be collectable, and we are following up closely with the customers when the amounts fall due. The customers concerned are still in operation and the Board has assessed that they have the ability to pay their outstanding amounts owing to the Group.

Query 3:

Our Regulator's Column titled "What SGX RegCo expects of financial reports amid COVID-19" dated 27 July 2020 provides amongst others that "Disclosures are expected to be entity-specific, relevant and useful to investors. Issuers must eschew boilerplate disclosures, such as broad or generic statements that COVID-19 have negatively impacted the valuation measurements, without elaborating on the effects on each business segment. Disclosures must also be balanced and fair and avoid omission of important unfavourable facts. Deterioration of financial performance that existed prior to the pandemic should clearly be disclosed as such and not characterised as COVID-19 related if this is untrue." Please elaborate on the impact of COVID-19 and the Company's mitigating measures to manage emerging threats arising from the COVID-19 situation.

Separately, on page 9 of the Company's 1H2020 financial statements, the Company disclosed that "The increase was mainly due to low volume of deliveries for prefabrication products, as most of the construction sites have not been allowed to resume work due to the COVID-19 situation." Please make the necessary amendments if the Company meant that "The decrease was mainly due to low volume of deliveries for prefabrication products, as most of the construction sites have not been allowed to resume work due to the COVID-19 situation."

Company's response:

From early April 2020 to end June 2020, under orders from the Singapore Government as part of the Circuit Breaker measures to control the spread of COVID-19, majority of the construction sites in Singapore were not allowed to operate and therefore unable to take deliveries of our products. The Group's sales were therefore drastically reduced from the normal levels during this period, which explains the unusually low revenue in the second quarter of 2020. We reduced production output significantly in response so as to manage inventory levels and production costs. While the raw material and related selling costs were reduced and the Singapore Government had helped by providing foreign worker levy waivers and rebates and Jobs Support Scheme subsidies, the Group still had to bear a portion of its fixed costs of which staff costs formed a huge portion. Since production volumes were much lower than usual, the Group had arranged for its employees to clear their outstanding childcare and annual leave. In cases of insufficient childcare and annual leave, employees had to take no-pay leave. No retrenchment exercise was carried out.

The Company hereby clarifies that on page 9 of the Company's 1H2020 financial statements, it meant that "The decrease was mainly due to low volume of deliveries for prefabrication products, as most of the construction sites have not been allowed to resume work due to the COVID-19 situation."

BY ORDER OF THE BOARD

MS KOH EE KOON
COMPANY SECRETARY
2 September 2020