Building a Brand New Future

Annual Report **2022**

HORKEW

Hor Kew Corporation Limited

CONTENTS

OUR VISION

Our vision is to be a top-notched integrated building group in the region, leveraging on prefabrication technology and operational excellence to provide high value-added services to our customers.

OUR MISSION

We are fully dedicated to customers' satisfaction. We pledge ourselves to a policy of responding sensitively to our customers' progressive needs.

We commit ourselves to on-time completion of our projects, and to continuous improvement in our quality and cost effectiveness through employee re-training and effective utilisation of resources.

OUR CORE VALUES

INTEGRITY
The cornerstone of our success.

quick **ADAPTATION**
to changing environments.
The fittest survivor is the most flexible.

corporate, social and environmental **RESPONSIBILITY**
We build for you. We contribute to society.

continual **PERSEVERANCE**
The spirit of tenacity will see us through.

HOR KEW CORPORATION LIMITED IS A BUILDING CONSTRUCTION GROUP, PROVIDING AN INTEGRATED RANGE OF CONSTRUCTION RELATED PRODUCTS AND SERVICES.

The Group's origin can be traced back to 1979 when Hor Kew Private Limited became the main business vehicle.

In 1983, the Group was awarded the first main building contract. This contract, with a value of $28.5 million, was for the building of eight blocks of residential apartments.

In 1986, the Group embarked on the first property development project. Since then, the Group has completed several property development projects.

In 1990, the Group diversified its operations vertically and started the business of manufacturing and supply of prestressed and precast reinforced concrete building components as well as prefinished architectural precast components.

In 1994, the Group further enhanced its vertical integration by venturing into the manufacturing and supply of prefabricated architectural metal component business. The Group also has precast and prefabrication operations in Malaysia.

The vertical integration of the Group's operations continues till today, as this enhances better control over the quality and progress of building projects undertaken, thus providing high value-added services to its customers.

Over the years, the Group has successfully completed many projects, and has achieved and received numerous awards.

By leveraging on its steady track record and expertise in the construction industry, the Group has grown to become a main board public listed construction group in Singapore.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

In the past two financial years ended 31 December 2020 ("FY2020") and 31 December 2021 ("FY2021"), the various lockdowns and cross-border restrictions caused huge negative impacts to our production lines and deliveries. It was especially disruptive for our business when outbreaks of the variants of the COVID-19 like the Delta and Omicron variants forced governments to implement sudden lockdowns. Throughout all these, we dealt with the huge challenge of keeping our workers safe from COVID-19 infections, which often threatened to halt the production of entire production lines or even an entire plant. We also managed the negative impacts to our revenues and finances brought about by these disruptions in production and deliveries. Subsequent to these lockdowns, we always had to increase production tremendously to make up for lost time and that meant our workers had to work extra hard. Thanks to the efforts of our workers, the Group's revenue and profits for FY2021 exceeded that of FY2020.

As vaccinations and booster shots were progressively administered locally and worldwide, the COVID-19 situation was slowly brought under control and borders of Singapore and Malaysia began to open up. The business environment and construction industry began to resume normalcy and in the early part of the financial year ended 31 December 2022 ("FY2022"), the Building and Construction Authority ("BCA") forecasted that the business volume for the construction industry in Singapore would resume to pre-COVID-19 levels for the year. That turned out true for our Group. We carried on the momentum from FY2021, and with all the team efforts and hard work, our Group achieved a revenue level of $76.5 million in FY2022 which was not only higher than FY2021, but also higher than each of the past six financial years.

After COVID-19, the next challenge to overcome is the high inflation rates that countries worldwide are currently experiencing. In such a high-cost economic environment, we monitored our expenses closely. We worked hard at curbing our manpower costs and overheads expenditures, whilst maintaining an effective throughput. The Singapore Government continued to disburse the various grants (namely foreign worker levy rebates and Jobs Support Scheme) that were started in FY2020 to help local businesses, but these amounts had been reduced in FY2021 and further reduced in FY2022. Nonetheless, such grants were helpful in defraying a large part of our rising manpower costs and for that we are extremely thankful to the Singapore Government.

The Hor Kew Group has built a strong brand name in the local construction industry over the decades. By forging lasting partnerships with valuable stakeholders, we greatly increase our chances of continued survival in this competitive industry. Despite maintaining as lean a workforce as possible, we always aim to timely deliver quality products, so that customers will never be disappointed in putting their trust in us.

Our team efforts had yielded excellent results for FY2022. I am pleased to hereby report that we have achieved sustained profits for our business in the past four financial years and shall strive for greater profits in the coming years.

CONSTANT PRODUCT INNOVATIONS TO STAY RELEVANT AND COMPETITIVE

Our Group has always been active in Research & Development ("R&D") to adapt to changing market trends and stay competitive.

We have always held pride in our metal prefabrication division, which had always introduced innovative new products yearly to expand its sales. It had started production of a new product unplasticised polyvinyl chloride (commonly referred to as "uPVC") trifold door in FY2022 and this has received good reviews by customers. The metal prefabrication division also added the fingerprint letterbox to its product catalogue during the year, and is planning to start actual production in the coming year.

The Group is constantly looking at expanding its product offerings to meet market demands and increase market share. We are also consistent in performing R&D work to enhance the designs of our existing products, in our goal to attain ever higher customer satisfaction.

MANAGING OUR ECONOMIC CHALLENGES AHEAD

The ongoing Russia-Ukraine war does not seem to be ending anytime soon, and it has contributed to the high worldwide inflation that poses huge business risks to the construction industry and our Group's businesses. We were mindful that not only we faced higher financial risks but also our customers. To manage credit risk, we only tendered for projects with main contractors that were financially stable. Tight credit control was therefore critical in the running of our business. We vigilantly monitored customer collections and timely carried out certain necessary actions so as to minimise risks of default by customers.

To combat rising raw material costs, as well as increasing labour costs that arose due to restrictions on foreign labour for various countries, we had to protect our profit margins from being eroded. We were very selective in bidding for projects and tendered only at prices that will ensure profits all the way till project completion. We also implemented various cost savings initiatives throughout our Group, increased cost monitoring and further improved production efficiency.

In FY2021, to reduce business risk, the Group had taken huge steps to downsize its borrowings. However, central banks of countries across the globe had followed the US Federal Reserve in raising interest rates to combat inflation, and Singapore was no exception. In FY2022, although the Group continued to trim its borrowings, substantial interest rates hikes that began in the second quarter and continued throughout FY2022 caused the Group's overall finance cost for FY2022 to exceed that of FY2021 significantly. We are still trying hard to curb this rising business cost by continuing to reduce our loans and negotiate with banks on better financing rates.

CONCLUSION

The stubbornly high inflation rates have brought severe repercussions throughout the interlinked world economy and economic experts are already warning of an upcoming global recession. We do see the many threats to our business and numerous challenges ahead. However, we also believe that having survived the economic fallout during the COVID-19 years, we would be able to brave the uncertainties ahead and emerge stronger. We have the conviction that by working together as a team, we shall ensure our Group's continued success and reach for greater heights in the future.

On behalf of the Board of Directors, I would like to thank our valued business partners and customers for their continued support. To our shareholders, I express my heartfelt gratitude for your vote of confidence by staying the course with us. Last but not least, my earnest appreciation to all my colleagues for the hard work and dedication you have put in during the year. Let us work together as a team towards a better year 2023 and beyond!

MR BENJAMIN AW CHI-KEN
Executive Chairman and Chief Executive Officer

主席汇报

尊敬的股东，

在截至2020年12月31日（2020财年）和截至2021年12月31日（2021财年）的过去两个财政年度中，各种封锁及跨境限制对我们的生产线和交付造成了巨大的负面影响。当Delta及Omicron等由COVID-19变化出来的变种病毒的爆发迫使政府实施临时封锁，我们的业务所受到的干扰尤为严重。并且在这当中，我们也应对了保护员工免受COVID-19感染的巨大挑战，这常常威胁到整个生产线甚至整个工厂的停工。经历这些的过程中，我们还管理了这些成产及交付中断对我们的收入和财务带来的负面影响。即这些封锁之后，我们须一直大量提高生产以弥补所失去的时间，而这意味着我们的员工都得更加的努力工作。在我们全体员工的努力下，本集团于2022财年的收益及利润已超越了2021财年所得。

随着本地和世界各地的疫苗和加强针接种率上升，COVID-19疫情逐渐受到控制，新加坡和马来西亚的边境逐渐开放。商业环境和建造业开始恢复正常，并且建设局于截至2022年12月31日（2022财年）初期预期在这一年里，新加坡建造业的业务量将回复至COVID-19疫情前的水平。事实证明，这对我们集团而言确实如此。我们延续了2021财年的势头，在所有人的团队努力和辛劳下，我们集团在2022财年取得了0.765亿收益，不仅高于2021财年，还超过了过去六个财政年的各别年收益。

即COVID-19 疫情之后，下一个要克服的挑战便是全球国家正在经历的高通货膨胀率。在如此高成本的经济环境中，我们密切监控我们的开支。我们努力节制人力成本和管理开支，同时保持有效的生产率。新加坡政府继续发放于2020财年开始的各种补贴（即外籍工人徵费退税和雇佣补贴计划）以帮助本地企业，但这些金额在2021财年有所减少，并跟屎在2022财年进一步减少。尽管如此，相关补贴帮助了我们抵消一大部分不断上涨的人力成本，我们也为此非常感激新加坡政府。

在过去的几十年来，好逑集团在本地建造业树立了强大的品牌知名度。通过与有价值的利益相关者建立持久的伙伴关系，我们大大增加了在这个竞争激烈的行业中持续生存的机会。尽管我们尽可能的保持精简的员工队伍，我们始终致力于及时交付优质产品，以便客户不会因为信任我们而失望。

我们的团队努力在2022财年取得了出色的成果。我很高兴在此报告，我们的业务在过去四个财政年度取得了持续的利润。我们将在未来几年争取更大的利润。

不断创新，保持竞争力

本集团一向极力活跃于研发，以适应不断变化的市场趋势并保持竞争力。

我们一直对我们的预制金属业务感到自豪，该部门每年都会推出创新的产品，以扩大其销售额。本部门已于2022财年开始生产新产品硬聚氯乙烯（俗称“uPVC”）三折门，并获得顾客 的好评。预制金属业务还在年内将指纹信箱加入产品目录，且计划于来年开始投入实际生产。

集团不断寻求扩大其产品种类以满足市场需求并增加市场份额。我们也始终如一地进行研发工作，以改进我们现有产品的设计，以实现我们获得更高客户满意度的目标。

应对我们未来的经济挑战

正在持续的俄乌战争似乎不会很快结束，并也导致了全球高通胀，给建造业和我们集团的业务带来巨大的商业风险。我们考虑到不仅我们面临着更高的财务风险，我们的客户亦是如此。为管理信贷风险，我们仅投标主承包商财务稳定的项目。因此，严格的信贷控制对我们的业务运营至关重要。我们密切监控客户收款情况，并及时采取某些必要措施，以将客户违约风险降至最低。

为抵制不断上涨的原材料成本，以及因各国限制外劳而增加的人力成本，我们必须保障我们的利润率不被侵蚀。在项目投标方面我们非常有选择性，只以能够确保利润一直到项目完成的价格投标。我们还在整个集团实施了各种成本节约措施，加强了成本监控并进一步提高了生产效率。

在2021财年，集团为降低业务风险已采取了重大措减少借款。然而，全球各国的央行银行纷纷效仿美联储加息以对抗通胀，新加坡也不例外。在2022财年，尽管集团继续消减借款，但从第二季开始并持续至整个2022财年大幅加息导致集团2022财年的整体融资成本大大超出2021财年。我们仍在努力通过继续减少贷款和与银行协商更好的融资利率来遏制不断上升的业务成本。

结语

居高不下的通货膨胀率给整个相互联系的世界经济带来了严重的影响，经济专家已经警告说全球经济衰退即将来临。我们的确看到了对我们业务的许多威胁以及未来的许多挑战。然而，我们也相信，在幸存了COVID-19这些年的经济影响后，我们将能够勇敢面对未来的不确定性并变得更加强大。我们坚信，通过团队一致努力，我们将确保本集团在未来继续取得成功并达到更高的高度。

我谨代表董事会感谢一如既往地支持我们的每位商业伙伴与客户。对我们的股东，我为你们对好逑的信任致以万分谢意。最后，对我的同事们，我也衷心地珍惜你们辛勤的工作与奉献。让我们为共创一个更美好的2022年和未来而携手努力！

胡志庆先生
执行主席兼执行总裁

OPERATIONS REVIEW

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Group generated revenue of $76.5 million for the financial year ended 31 December 2022 ("FY2022") which represented an increase of $19.7 million over revenue of $56.8 million for the financial year ended 31 December 2021 ("FY2021"). This increase was due to higher deliveries in FY2022 from stronger order books.

The Group recorded a higher gross profit of $15.9 million in FY2022 compared to $13.3 million in FY2021, mainly due to higher revenue in FY2022. The Group's gross profit margin decreased from 23.4% in FY2021 to 20.8% in FY2022 mainly because deliveries in FY2022 were overall of lower profit margins than the deliveries in FY2021.

The Group earned a higher interest income from fixed deposits of $253,000 in FY2022 compared to $147,000 in FY2021 mainly due to higher interest rates.

Other income of the Group at $4.0 million in FY2022 was unchanged compared to FY2021.

General and administrative expenses increased $2.4 million from $9.6 million in FY2021 to $12.0 million in FY2022, mainly due to increase in loss on foreign exchange of $1.8 million.

Finance costs increased significantly by $0.7 million from $1.0 million in FY2021 to $1.8 million in FY2022, mainly due to significant interest rate hikes.

The Group had higher net impairment losses on financial and contract assets of $3.6 million in FY2022 compared to $2.9 million in FY2021, after review of expected credit loss allowance for trade receivables.

The Group recorded a profit before tax of $2.8 million in FY2022 (FY2021: profit before tax of $4.0 million).

The Group provided tax expense of $1.1 million in FY2022 after taking into consideration available tax allowances and reliefs, and under-provision of income tax in prior years (FY2021: tax credit of $61,000).

Profit after tax of the Group for FY2022 was $1.7 million (FY2021: profit after tax of $4.0 million).

The Group had a comprehensive loss from unfavourable currency movements in foreign subsidiaries of $0.8 million in FY2022 compared to $0.2 million in FY2021.

The Group reported total comprehensive income of $0.9 million in FY2022 (FY2021: total comprehensive income of $3.8 million).

STATEMENT OF FINANCIAL POSITION

Total non-current assets decreased by $5.6 million. There was $3.5 million decrease in non-current trade receivables being retention sums receivable from customers for projects, due to improvements in collections. Property, plant and equipment fell by $2.0 million from 31 December 2021 mainly due to depreciation and disposals. Investment properties increased by $0.2 million from 31 December 2021 mainly due to fair valuation gains. Other non-current receivables as at 31 December 2022 pertained to long term receivable for an insurance policy. Deferred tax assets decreased by 0.3 million.

Current assets of the Group increased by $18.1 million from 31 December 2021 to 31 December 2022, mainly due to the significant increase of $17.4 million in current trade receivables and other receivables led by much higher revenue in FY2022 compared to FY2021. Inventories increased $2.3 million and contract assets increased $2.9 million mainly due to higher business volume. Cash and cash equivalents fell by $3.5 million due to net cash outflow.

Total assets of the Group increased $12.5 million, from $156.9 million as at 31 December 2021 to $169.4 million as at 31 December 2022.

Current trade and other payables increased by $7.7 million mainly due to slower settlement of supplier invoices. Contract liabilities increased by $7.2 million from 31 December 2021 due to increase in advance collections from customers.

Non-current borrowings reduced by $27.5 million whilst current borrowing increased by $23.6 million mainly because a $25.0 million term loan due for refinancing in the year 2023 was classified as non-current borrowings in FY2021 but classified under current borrowings in FY2022. Total current and non-current borrowings decreased by $3.9 million mainly due to repayment to loans.

Total current liabilities of the Group increased $39.3 million, from $56.9 million as at 31 December 2021 to $96.2 million as at 31 December 2022, mainly due to the change in classification for a $25.0 million term loan from non-current liabilities in FY2021 to current liabilities in FY2022 as mentioned above, increase in trade and other payables of $7.7 million and increase in contract liabilities of $7.2 million.

Total non-current liabilities of the Group decreased $27.7 million, from $35.7 million as at 31 December 2021 to $8.0 million as at 31 December 2022, mainly due to the change in classification for a $25.0 million term loan from non-current liabilities in FY2021 to current liabilities in FY2022 as mentioned above.

Total liabilities of the Group increased by $11.6 million from 31 December 2021 and stood at $104.2 million as at 31 December 2022.

Shareholders' equity of the Group increased by $0.9 million and recorded at $65.1 million as at 31 December 2022, due to the comprehensive income of $0.9 million for the FY2022.

STATEMENT OF CASH FLOWS

The Group generated $8.3 million in its operating activities in FY2022.

It used $4.7 million in its investing activities in FY2022 mainly for purchases of property, plant and equipment.

It used $5.9 million in its financing activities in FY2022 mainly for net borrowings repayments.

Overall, the Group’s cash decreased by $2.5 million in FY2022, and the cash and cash equivalents stood at $3.3 million as at 31 December 2022.

BOARD OF DIRECTORS

MR BENJAMIN AW CHI-KEN
Executive Chairman and Chief Executive Officer

Mr Benjamin Aw Chi-Ken was appointed as the Executive Chairman and Chief Executive Officer on 1 April 2020. Mr Benjamin Aw is responsible for the overall strategic decisions of the Group.

He is also overseeing the business development, corporate matters, financial planning, general management and investment decisions of the Group.

Prior to joining the Group, Mr Benjamin Aw started his career by working in the banks as a Personal Financial Adviser and Relationship Manager with both offshore financial institutions and a local bank. In addition to his banking experience, Mr Benjamin Aw has accumulated more than 8 years of hands-on experience as a professional in mechanical and electrical elevator transportation systems and the construction industry holding various positions in regional, managerial, agencies and manufacturers roles.

Mr Benjamin Aw holds a Bachelor of Arts degree with First Class Honours in Accounting and Finance from University of North London, London, United Kingdom and a Degree in Masters of Science in Finance from The City University, London, United Kingdom.

Mr Benjamin Aw was first appointed to the Board of Directors on 27 February 2014 and last re-elected on 29 April 2022.

MS ELICIA AW YING YING
Executive Director

Ms Elicia Aw Ying Ying is an Executive Director and is responsible for directing the day to day business operations as well as the strategic management of the Group's subsidiaries, Prefab Technology Pte Ltd, Prefab Technology 3 Pte Ltd, Prefab Technology Sdn Bhd and Prefab Metal Sdn Bhd.

Ms Elicia Aw joined the Group in 2002 as a Project Manager and in year 2011 was appointed as the General Manager of Prefab Technology Pte Ltd and Prefab Technology 3 Pte Ltd. She continues to play a pivotal role in overseeing and directing the design and manufacture of prestressed and precast reinforced concrete building components as well as the prefabricated architectural metal components.

Ms Elicia Aw holds a Bachelor of Engineering (Civil) degree with Honours from the National University of Singapore.

Ms Elicia Aw was first appointed to the Board of Directors on 27 February 2014 and last re-elected on 30 April 2021.

She will be due for re-election at the forthcoming Annual General Meeting.

DR LOW SEOW CHAY
Non-Executive And Independent Director

Dr Low Seow Chay is a Non-Executive and Independent Director of the Company.

Dr Low is the Chairman of the Company's Audit Committee, and a member of the Nominating Committee and Remuneration Committee.

Dr Low Seow Chay is the Independent Director of LK Technology Holdings Ltd (Hong Kong). He is also the Director of Clean Water Tech Pte Ltd and the Adviser for RHT Digital & Media Pte Ltd.

Dr Low holds a Doctorate degree in Mechanical Engineering from University of Manchester, United Kingdom.

Dr Low was first appointed to the Board of Directors on 3 April 2000 and last re-elected on 30 April 2021.

MR WILLIAM CHEW YEW MENG
Non-Executive And Independent Director

Mr William Chew Yew Meng is a Non-Executive and Independent Director of the Company.

He is a member of the Company's Audit Committee, and Chairman of the Nominating Committee and Remuneration Committee.

Mr William Chew is the Chief Executive Director of FAST, a non-profit organisation providing social support, humanitarian aid and skills training for foreign domestic workers. He was the founding member of FAST.

As the Charter President of the Lions Club of Singapore Centennial, Mr William Chew is actively involved in serving the needy and the community.

Mr William Chew obtained his Bachelor of Arts degree in Social Work and Sociology from the National University of Singapore. He holds a Master's Degree in Mass Communication from Oklahoma City University, United States of America and holds a post graduate in Training and Development from ITD, United Kingdom.

Mr William Chew was first appointed to the Board of Directors on 3 April 2000 and last re-elected on 29 April 2022.

BOARD OF DIRECTORS

MR LEE SEN CHOON
Non-Executive And Independent Director

Mr Lee Sen Choon is a Non-Executive and Independent Director of the Company.

Mr Lee is also a member of the Company's Audit Committee, Nominating Committee and Remuneration Committee.

Mr Lee is the Managing Partner of UHY Lee Seng Chan & Co and has more than 30 years of experience in the areas of accounting, audit, taxation and corporate secretarial practices. In addition, Mr Lee is Chairman of the Audit Committee of Hwa Chong International School, and also Chairman of the School Advisory Committee of Xingnan Primary School. He sits on the board of another public listed company as Independent Director.

Mr Lee holds a Bachelor of Science degree with Honours from the Nanyang University and a Post-graduate Diploma in Management from University of Salford. He is also a fellow member of the Institute of Chartered Accountants in England and Wales, as well as a practicing member of the Institute of Singapore Chartered Accountants.

Mr Lee was first appointed to the Board of Directors on 1 January 2003 and last re-elected on 29 June 2020.

He will be due for re-election at the forthcoming Annual General Meeting.

KEY MANAGEMENT

MR MICHAEL SOH CHIA YANG

Mr Michael Soh Chia Yang is the Financial Controller and is responsible for the Group's accounting, tax planning, banking and compliance with financial reporting and regulatory requirements.

Prior to joining the Group in 2017, Mr Michael Soh had 14 years of experience covering audit, financial reporting and operational accounting. His audit experience came from two of the Big Four accounting firms and his accounting experience came from a local listed company, a German Multinational Corporation and an established shipping company.

Mr Michael Soh holds a Bachelor of Accountancy degree from the Nanyang Technological University.

MS AW LAY SIM

Ms Aw Lay Sim is the Group Human Resource Director. She oversees the human resource, administration and information technology functions of the Group as well as facility management of the investment property in Singapore.

Having been with the organisation since 1984, Ms Aw has accumulated more than 30 years of hands-on experience in the building and construction industry. She plays a pivotal role in ensuring due compliance in respect of the various legal and statutory requirements relating to the employment of foreign workers in Singapore as well as other human resource, administrative, information technology and facilities management matters.

Ms Aw holds a Bachelor of Arts (Economics and Geography) degree from the Wilfrid Laurier University, Canada.

MR STEVEN AW SOON HWEE

Mr Steven Aw Soon Hwee is the Managing Director of Prefab Technology Pte Ltd, the Group's subsidiary engaged in the design and manufacture of prestressed and precast reinforced concrete building components.

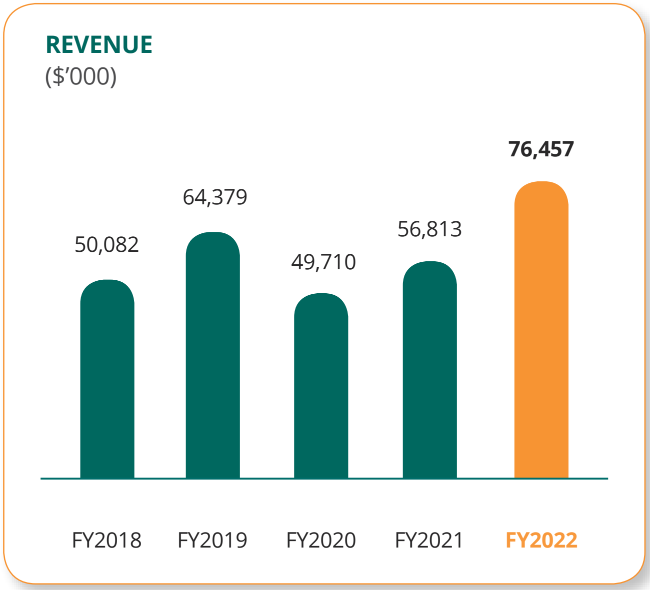
Having joined the organisation since 1983, he oversees the day-to-day operational matters of the subsidiary and is responsible for the overall strategic business decisions and development of it.

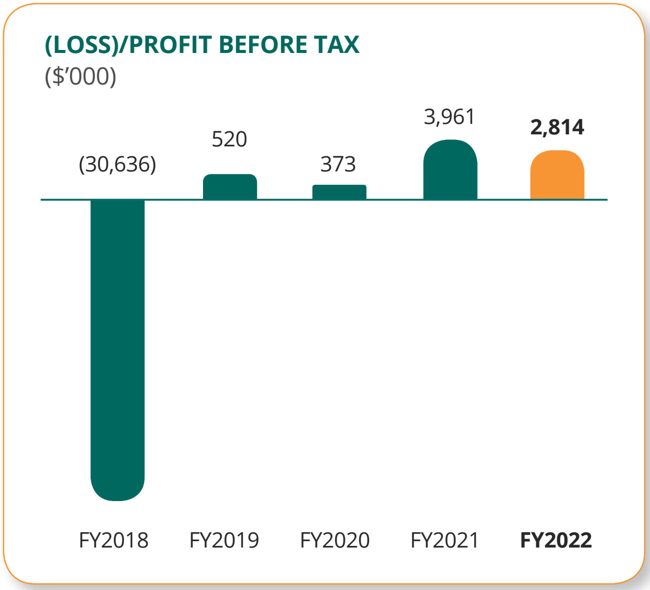
Mr Steven Aw has a wealth of more than 30 years of experience in the building and construction industry and his contribution towards the prefabrication division has significantly enhanced the overall objectives and goals of the Group.

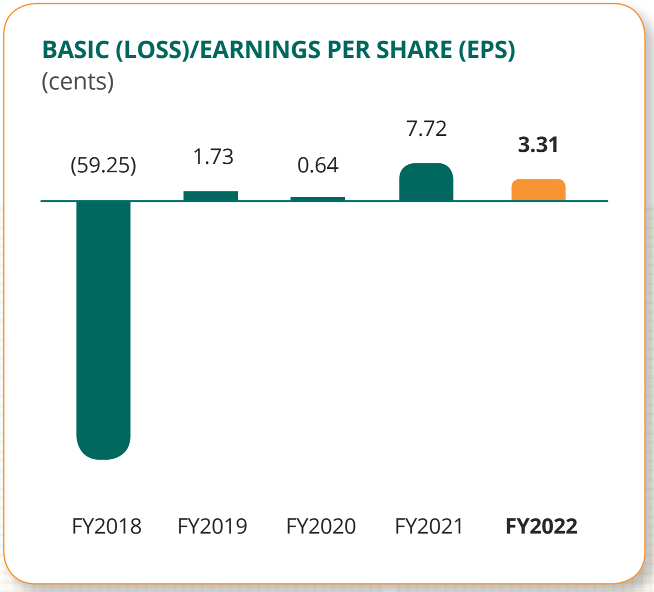
SUMMARISED FINANCIAL HIGHLIGHTS

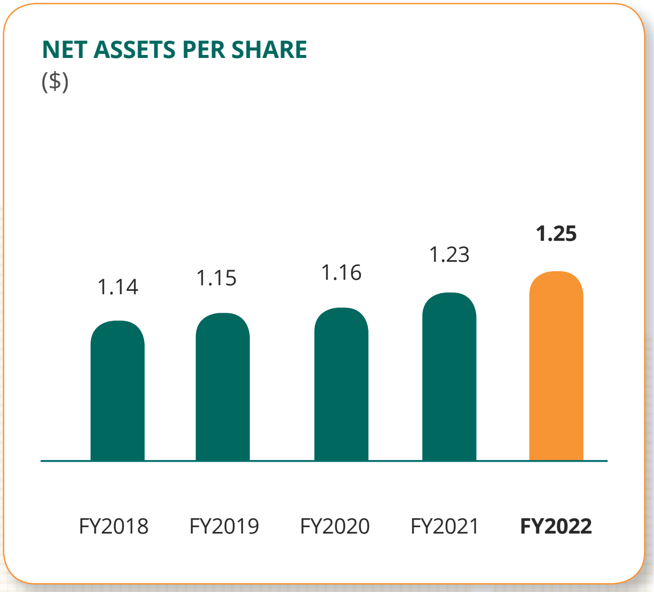
	FY2018 $'000	FY2019 $'000	FY2020 $'000	FY2021 $'000	FY2022 $'000
Financial Performance					
Revenue	50,082	64,379	49,710	56,813	**76,457**
(Loss)/Profit before Tax	(30,636)	520	373	3,961	**2,814**
(Loss)/Profit Attributable to Shareholders	(30,848)	900	332	4,022	**1,721**
Assets and Liabilities					
Non-Current Assets	85,902	91,573	89,227	88,013	**82,449**
Net Current Assets/(Liabilities)	7,739	2,293	(18,180)	11,991	**(9,233)**
Non-Current Liabilities	(34,421)	(33,768)	(10,596)	(35,730)	**(8,025)**
Equity and Non-Controlling Interests	59,220	60,098	60,451	64,274	**65,191**
Per Share Basis					
Basic (Loss)/Earnings Per Share (cents)	(59.25)	1.73	0.64	7.72	**3.31**
Net Assets Per Share ($)	1.14	1.15	1.16	1.23	**1.25**

SUMMARISED FINANCIAL HIGHLIGHTS









CORPORATE INFORMATION

DIRECTORS

Executive

Benjamin Aw Chi-Ken
(Executive Chairman and Chief Executive Officer)
Elicia Aw Ying Ying

Non-Executive and Independent

Dr Low Seow Chay
Lee Sen Choon
William Chew Yew Meng

COMPANY SECRETARIES

Koh Ee Koon
Judy Koh Geok Hoon

REGISTERED OFFICE

66 Kallang Pudding Road
#07-01 Hor Kew Business Centre
Singapore 349324

REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

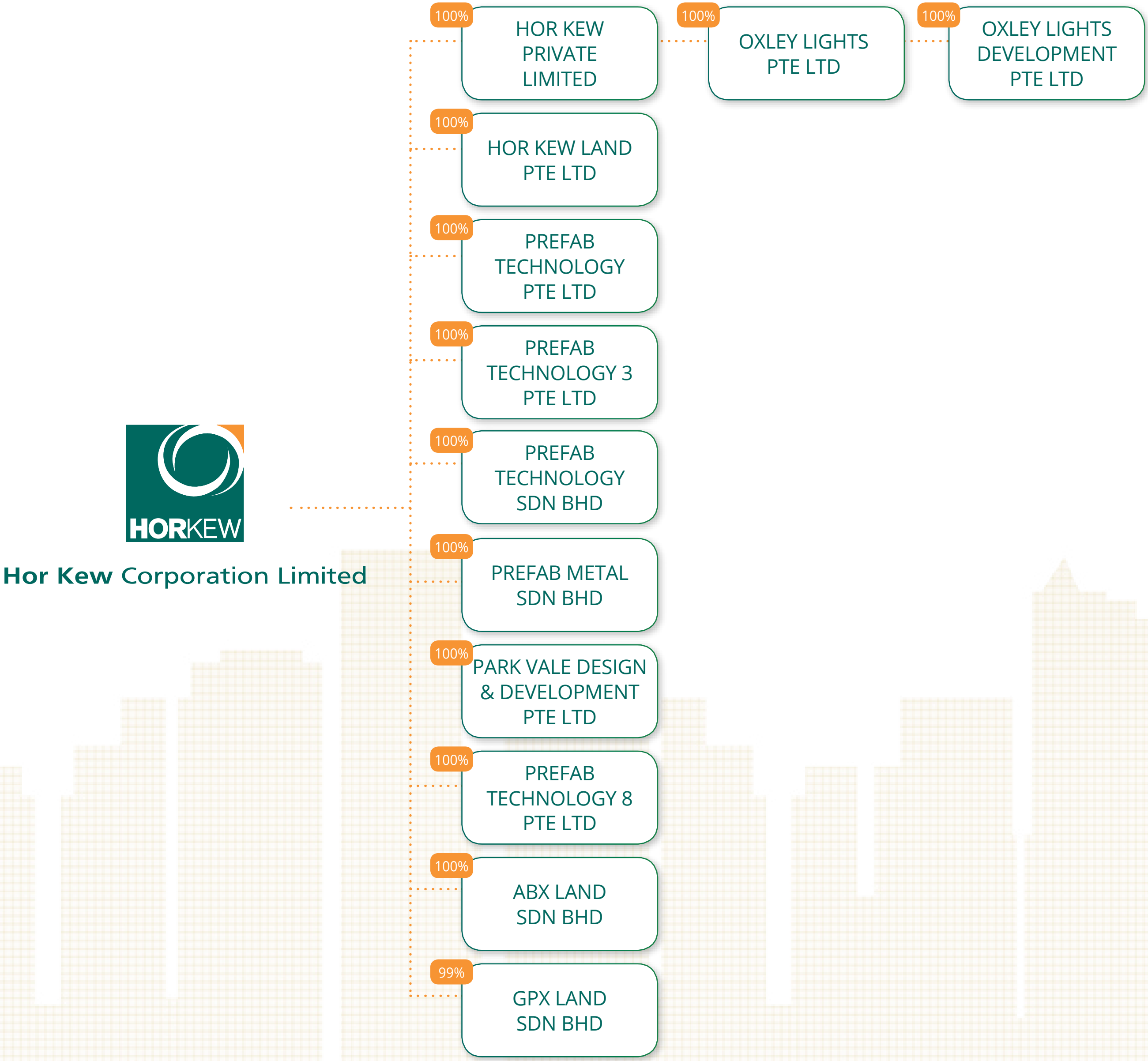
INDEPENDENT AUDITOR

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Ng Wei Lun
(Appointed since financial year ended 31 December 2021)

BANKERS

United Overseas Bank Limited
DBS Bank Limited

CORPORATE STRUCTURE



The Board of Directors (the "Board") of Hor Kew Corporation Limited (the "Company") and its subsidiary companies (collectively, the "Group") are committed to maintaining a high standard of corporate governance which is essential to the long term sustainability of the Group's business and performance.

This report outlines the Group's corporate governance processes and practices that were in place throughout the financial year ended 31 December 2022, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code"), which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board believes that for the financial year ended 31 December 2022, the Company has generally adhered to the principles, provisions and recommendations as set out in the Code and where there are deviations from the Code, the reasons for the deviations are explained accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

Provision 1.1 of the Code: Directors are fiduciaries who act objectively in the best interests of the Company

The Board oversees the conduct of the Group's affairs and is accountable to shareholders for the long-term performance and financial soundness of the Group, as well as protect and enhance long term value and returns for all shareholders. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group by holding Management accountable for performance.

Apart from its statutory duties and responsibilities, the Board's role is to:

1. guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives;
2. establish and oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
3. review and approve annual budgets, major funding proposals, investment and divestment proposals;
4. monitor the performance and compensation of senior management personnel;
5. evaluate principal risks of the Group's businesses and ensure the implementation of appropriate systems to manage these risks;

6. review the financial performance of the Group;
7. set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met;
8. consider sustainability issues such as environmental and social factors; and
9. assume responsibility for corporate governance.

Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company, as soon as practicable after the relevant facts have come to his knowledge. Where a director has a conflict or potential conflict of interest in relation to any matter, he should immediately declare his interest and recuse himself and refrain from participating in discussions regarding a transaction or proposed transaction in which he has an interest or is conflicted, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussions.

Provision 1.2 of the Code: Directors' induction, training and development

Newly appointed Directors are provided with background information about the Company and the Group and are invited to visit the Group's operations and facilities to have a good understanding of the Group's business and operations.

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. In addition, the Company works closely with professionals to apprise Directors with updates on risk management and key changes to relevant regulatory requirements and accounting standards.

Provision 1.3 of the Code: Matters requiring Board's approval

Although the day-to-day management of the Company is delegated to the Executive Directors, the approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions. The Board sets clear guidelines to Management that the afore-mentioned matters require its approval, and clearly communicates it to Management in writing.

Provision 1.4 of the Code: Board Committees

The Board has established three Board committees, namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") with clearly defined terms of reference. The terms of reference, committee structures and membership are reviewed on a regular basis by the Board, along with the committee structures and membership, to ensure their continued relevance.

Provision 1.5 of the Code: Board Meetings and Attendance

The Board met two times during the financial year to discuss key activities and business strategies, review the operations and performance, as well as address key policy matters of the Group. The Directors were furnished with relevant information beforehand in order to enable them to obtain further explanations where necessary, and be adequately briefed prior to the respective meetings. Minutes of the meetings are also available to the respective Board members. In addition, ad-hoc and non-scheduled meetings are convened by Board members to deliberate on urgent and substantive matters. The Company's Constitution allows for telephone, audio and video conferencing, or other electronic means of communication to facilitate participation at the meetings of the Board.

Details of Directors' attendance at Board and Board Committee meetings held during the financial year ended 31 December 2022 are summarised as follows:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	2	2	1	2
Name of Director	ATTENDANCE			
Benjamin Aw Chi-Ken	2	NA	1	2[(1)]
Elicia Aw Ying Ying	2	NA	NA	NA
Dr Low Seow Chay	2	2	1	2
Lee Sen Choon	2	2	1	2
William Chew Yew Meng	2	2	1	2

Note:

(1) Attendance at meetings was on a "By Invitation" basis.

NA - Not Applicable

Matters that are specifically reserved to the Board for its decision making are:

(a) financial results announcements, annual financial statements and reports;

(b) material acquisition and disposal of assets and investments;

(c) major investment and funding decisions;

(d) share issuances, dividends and other distributions to shareholders;

(e) convening shareholders' meetings;

(f) capital expenditure exceeding a prescribed limit; and

(g) interested person transactions of a material nature.

Provision 1.6 of the Code: Access to information

The Board receives complete and adequate information on an on-going basis. Management provides the Executive Directors with monthly management accounts and the rest of the Board members with half-yearly management accounts. The agenda for Board meetings is prepared in consultation with the Executive Chairman and CEO and is circulated one week in advance of each meeting to Board members.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board obtains independent professional advice as and when necessary so as to discharge their duties and responsibilities effectively.

Provision 1.7 of the Code: Access to Management and Company Secretary

Management personnel who can provide additional insight into the matters at hand are invited to be present at the relevant time during a Board meeting. Furthermore, the Board has separate and independent access to the Company Secretary and senior executives, and there is no restriction of access to the senior management team of the Company or the Group at all times in carrying out its duties. Non-Executive Directors have also been invited to various functions whereby they may be informally introduced to officers of the Group.

The Company Secretary attends all formal Board meetings and ensures that Board procedures are followed, and that all applicable rules and regulations are complied with. The minutes of Board and Audit Committee meetings are circulated to the Board. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Board Composition and Guidance

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.*

Provision 2.1 of the Code: Director independence

Provision 2.2 of the Code: Independent directors make up a majority of the Board

Provision 2.3 of the Code: Non-executive directors make up a majority of the Board

Provision 2.4 of the Code: Board Composition

The Board has five members, comprising two Executive Directors and three Independent and Non-Executive Directors as follows:

Benjamin Aw Chi-Ken	(Executive Chairman and Chief Executive Officer ("CEO"))
Elicia Aw Ying Ying	(Executive Director)
Dr Low Seow Chay	(Independent and Non-Executive Director)
Lee Sen Choon	(Independent and Non-Executive Director)
William Chew Yew Meng	(Independent and Non-Executive Director)

The Board has examined its size and is satisfied that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations.

The Chairman is not independent, but Independent Directors, and whom are also Non-Executive Directors, constitute a majority of the Board. The Board deems the current Independent Directors competent as they are respected individuals from different backgrounds whose core competencies, qualifications, skillsets and experiences are extensive and complementary to the Company.

Each Director has been appointed on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. As each of the Directors brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that its Directors possess the necessary competencies to provide Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

The Board recognises that Independent Directors may over time develop significant insights in the Group's businesses and operations, and can continue to provide noteworthy and valuable contributions to the Board.

The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form, such as the number of years which they have served on the Board.

Under Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, which took effect on 1 January 2022, the continued appointment of an independent director who has served an aggregate period of more than nine years (whether before or after the listing) will be subject to a two-tier voting process, to be approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the CEO, and associates of such directors and CEO. Such resolutions may remain in force until the earlier of the following: (i) the retirement or resignation of that director, or (ii) the conclusion of the 3rd Annual General Meeting ("AGM") of the Company following the passing of the resolutions.

Currently, Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng have served on the Board for more than nine years from the date of their first appointment.

The Board has subjected their independence status to a particularly rigorous review.

The Board is of the view that Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinized and challenged the Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management.

Taking into account the above, and also having weighed the need for the Board's renewal against tenure for relative benefit, the Board has affirmed that Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng continue to be considered Independent Directors, notwithstanding they have served on the Board for more than nine years.

At the AGM held on 30 April 2021, the Company passed the respective resolutions proposing the re-election of Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng and their continued appointment as Independent Directors, adopting the two-tier voting process ahead of the SGX-ST Listing Manual Rule 210(5)(d)(iii) which came into effect on 1 January 2022.

On 11 January 2023, the SGX-ST removed the two-tier voting process used by SGX listed companies to retain independent directors who have served for more than nine years. With this change, a director will not be considerered independent if he had been a director for an aggregate period of more than nine years, whether before or after listing. As a transitional arrangement allowed by the SGX-ST, an independent director whose tenure exceeds the nine-year limit can continue to serve as independent director until the AGM held for the financial year ending on or after 31 December 2023.

With the above changes, Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng will only serve as Independent Directors until the conclusion of the Company's next AGM to be held in April 2024.

Provision 2.5 of the Code: Meeting of Independent Directors without Management

The Non-Executive and Independent DIrectors meet regularly without the presence of Management and Executive Directors to review any matters that might be raised privately. The Chairman of such meetings will then provide feedback to the Board and/or the Executive Chairman and CEO as appropriate.

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Provision 3.1 of the Code: Separation of the roles of the Chairman and the Chief Executive Officer ("CEO")

Provision 3.2 of the Code: Division of responsibilities between the Chairman and CEO

Provision 3.3 of the Code: Lead Independent Director

The Board is of the view that, based on the Group's current scope and nature of operations, it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and CEO (or equivalent) is the same person, so as to facilitate effective decision-making for the needs of the Group's businesses.

The corporate governance duties of the Executive Chairman and CEO include:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. promoting high standards of corporate governance;

3. ensuring that the Directors receive complete, accurate and timely information;

4. ensuring effective communication with shareholders;

5. encouraging constructive relations within the Board;

6. facilitating effective contribution of Non-Executive Directors;

7. encouraging constructive relations between the Board and Management;

8. facilitating the effective contribution of Non-Executive Directors in particular; and

9. promoting a culture of openness and debate at the Board level

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the AC. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC and RC consists of all independent directors and majority of the NC members are independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

To provide leadership in situations where the Executive Chairman is conflicted, and especially since the Chairman is not independent, the Board has appointed Dr Low Seow Chay as the Lead Independent Director of the Board since 12 November 2013 to work closely with other Independent Directors as and when necessary and meet with them without the presence of other Directors to discuss matters that are decided at Board meetings.

As Lead Independent Director, Dr Low Seow Chay is also available to shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman and CEO or Management are inappropriate or inadequate.

Board Membership

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Provision 4.1 of the Code: Role of the NC

Provision 4.2 of the Code: Composition of NC

The NC comprises the three Independent and Non-Executive Directors and the Executive Chaiman and CEO who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole as well as each Director on the Board. The chairman of the NC is an Independent and Non-Executive Director, and is not a substantial shareholder or directly or indirectly, associated with a substantial shareholder of the Company. The members of the NC are as follows:

William Chew Yew Meng (Chairman)
Dr Low Seow Chay
Lee Sen Choon
Benjamin Aw Chi-Ken

The primary responsibilities of the NC are:

1. To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board, as well as ensuring that there are procedures in place for the selection and appointment of Directors.

2. To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

3. To be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees or candidates have the requisite qualifications and whether or not they are independent.

4. To determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships as set out in the Code is in fact independent, the NC would disclose in full, the nature of the Director's relationship and bear responsibility for explaining why the Director should be considered independent.

5. To recommend Directors who are retiring by rotation to be nominated for re-election.

6. To decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations.

7. To be responsible for assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Provision 4.3 of the Code: Board renewal and succession planning

The Company does not have a formal criterion of selection for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for a new Director, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Director is aware of his duties and obligations.

Board appointment is made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of re-nominating retiring Directors, having regard to their contributions and performance. Pursuant to the Constitution of the Company, one-third of the Directors shall retire from office at the Company's AGM every year, provided that all Directors shall retire from office at least once every three years. Newly appointed Director by the Board is required to retire at the next AGM following his appointment. Retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-nomination as Director.

Provision 4.4 of the Code: Circumstances affecting Director's independence

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Furthermore, the NC determines annually, and as and when circumstances require, whether a Director is independent, taking into consideration the disclosures by the Director of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each independent director. Having made its review, the NC is of the view that all Independent Directors have satisfied the criteria for independence.

Provision 4.5 of the Code: Multiple listed company directorships and other principal commitments

All Directors are required to declare their board representations. The NC has reviewed the contribution by each Director taking into consideration the Director's number of listed board representations and other principal commitments. The NC and the Board are of the view that, setting maximum number of listed company board representation that a Director may hold is not meaningful, as long as the Director is able to devote sufficient time and attention to the Company's affairs. As such, the Board does not propose the maximum number of listed company board representations which Directors may hold until such need arises. Notwithstanding the number of listed company board representations and other principal commitments some of the Directors are holding, the NC considers the conduct of meeting, the decision-making process, attendance and participation of each Board member to be satisfactory.

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Provision 5.1 and 5.2 of the Code: Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience and the relevant skills set which are critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

With the Board's approval, the NC has established a formal review process to assess the performance and effectiveness of the Board as a whole and of its Board Committees annually, as well as the contribution by the Chairman of the Board and each individual director to the effectiveness of the Board. The NC proposed objective performance criteria including Board composition, size and expertise, Board information and timeliness, as well as Board commitment and accountability. In assessing each Director's performance and contribution to the effectiveness of the Board, the NC takes into consideration factors such as attendance, preparedness, candour and participation at Board and Board Committee meetings.

The NC assesses the performance of the Board and its Board Committees annually, using objective and appropriate criteria which were recommended by the NC and approved by the Board. For a financial year under review, all directors will complete an assessment form designed to seek their view on the various aspects of the Board and its Board Committees' performance and competencies so as to assess the overall effectiveness of the Board and its Board Committees. The consolidated responses are presented to the NC for review before submitting to the Board for discussion and to determine the areas for improvement and enhancement of the effectiveness of the Board and its Board Committees.

For the current financial year under review that is FY2022, the NC met once for the evaluation of the Board and Board Committees on 28 February 2023. Each member of the NC abstains from voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director.

Following this review for FY2022, the NC is of the view that the Board and its Board Committees operate effectively and that each director is contributing to the overall effectiveness of the Board and its Board Committees. The NC is also of the opinion that the independence of the Non-Executive Directors is maintained. The Board has accepted the views of the NC on the above.

There was no external consultant involved in the Board evaluation process in FY2022.

Details of Board members' qualifications and experience including the year of initial appointment and last re-election, are presented in this Annual Report under the heading "Board of Directors".

The Board has accepted the NC's nomination and has recommended the following Directors, who have given their consent for re-election, to be put forward for re-election at the forthcoming AGM:-

Elicia Aw Ying Ying (Retiring pursuant to Article 91)
Lee Sen Choon (Retiring pursuant to Article 91)

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 relating to the retiring Directors seeking re-election at the forthcoming AGM is disclosed below:-

Name of Director	**Elicia Aw Ying Ying**	**Lee Sen Choon**
Date of first appointment	27 February 2014	1 January 2003
Date of last re-appointment (if applicable)	30 April 2021	29 June 2020
Age	43	72
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and succession planning, and having assessed Ms Elicia Aw Ying Ying's working experiences and leaderships in the Group, is of the view that Ms Elicia Aw Ying Ying has the requisite experiences to assume the responsibilities as Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr Lee Sen Choon's experiences, is of the view that Mr Lee Sen Choon has the requisite knowledge and experiences to assume the responsibilities as Independent Director of the Company.

Name of Director	**Elicia Aw Ying Ying**	**Lee Sen Choon**
Whether appointment is executive, and if so, the area of responsibility	Executive Director and responsible for the business activities of the entire prefabrication segment.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director.	Independent Director, Member of the Audit Committee, Nominating Committee and Remuneration Committee.
Professional qualifications	Bachelor of Engineering (Civil) degree (Honours) from the National University of Singapore.	Bachelor of Science (Honours) degree from Nanyang University Post-graduate Diploma in Management from University of Salford. Fellow member of the Institute of Chartered Accountants in England and Wales. Practicing member of the Institute of Singapore Chartered Accountants.
Working experience and occupation(s) during the past 10 years	Ms Elicia Aw Ying Ying joined the Group as a Project Manager in 2002 and in year 2011 was appointed as General Manager of Prefab Technology Pte Ltd and Prefab Technology 3 Pte Ltd. She is responsible for the business activities of the entire prefab segment of the Group.	Mr Lee Sen Choon is the Managing Partner of UHY Lee Seng Chan & Co and has more than 30 years of experience in the areas of accounting, audit, taxation and corporate secretarial practices. In addition, Mr Lee is Chairman of the Audit Committee of Hwa Chong International School, and also Chairman of the School Advisory Committee of Xingnan Primary School. He sits on the board of another public listed company as Independent Director.
Shareholding interest in the listed issuer and its subsidiaries	Yes.	No.

Name of Director	Elicia Aw Ying Ying	Lee Sen Choon
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Sister of Mr Benjamin Aw Chi-Ken, Executive Chairman & CEO of Hor Kew Corporation Limited. Niece of Mr Aw Soon Hwee, substantial shareholder of Hor Kew Corporation Limited.	No.
Conflict of interest (including any competing business)	No.	No.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes.	Yes.
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	No.	Soon Lian Holdings Limited
Present	Director of Hor Kew Land Pte Ltd, Oxley Lights Pte Ltd, Oxley Lights Development Pte Ltd, Prefab Technology Pte Ltd, Prefab Technology 3 Pte Ltd, Prefab Technology 8 Pte Ltd, Park Vale Design & Development Pte Ltd, Prefab Technology Sdn Bhd, Prefab Metal Sdn Bhd, Leng Hwee Holdings Pte. Ltd. and Yes Glam Pte. Ltd.	Managing Partner of UHY Lee Seng Chan & Co. Director/Member of UHY Lee Tax Services Pte. Ltd. and UHY Lee Advisory Pte Ltd. Non-Executive Independent Director of Best World International Limited. Chairman of the Audit Committee of Hwa Chong International School. Chairman of the School Advisory Committee of Xingnan Primary School.

Name of Director	**Elicia Aw Ying Ying**	**Lee Sen Choon**
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.
(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.
(c) Whether there is any unsatisfied judgment against him?	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.
(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.

Name of Director	Elicia Aw Ying Ying	Lee Sen Choon
(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.
(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.
(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.
(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.

Name of Director	Elicia Aw Ying Ying	Lee Sen Choon
(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 (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 (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 (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.
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued 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.

Name of Director	Elicia Aw Ying Ying	Lee Sen Choon
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. 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.	Yes. Ms Elicia Aw Ying Ying is currently the Executive Director of the Company, which is listed on the SGX-ST.	Yes. Other than the Company, Mr Lee Sen Choon is currently also a Non-Executive Independent Director of the following company listed on the SGX-ST: - Best World International Limited
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. This is a re-election of a director, and Ms Elicia Aw Ying Ying has prior experience as a director of an issuer listed on the SGX-ST.	Not applicable. This is a re-election of a director, and Mr Lee Sen Choon has prior experience as a director of an issuer listed on the SGX-ST.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Provision 6.1 of the Code: RC to recommend remuneration framework and packages

Provision 6.2 of the Code: Composition of RC

The RC ensures that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors and key management personnel. The RC comprises the following three Independent and Non-Executive Directors. The chairman of the RC is an Independent and Non-Executive Director:

William Chew Yew Meng (Chairman)
Dr Low Seow Chay
Lee Sen Choon

The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has adopted written terms of reference that define its membership, roles, functions and administration.

The primary responsibilities of the RC are as follows:

1. To review and recommend to the Board a framework of remuneration for all Directors and key management personnel, and to determine the specific remuneration packages and terms of employment for each of the Directors and key management personnel.

2. To review and recommend to the Board any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

3. To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

4. As part of its review, the RC shall ensure that:

   (i) all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind should be covered.

   (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and senior executives' performance.

   (iii) the remuneration packages of employees related to Executive Directors and substantial shareholders are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Provision 6.3 of the Code: RC to consider and ensure all aspects of remuneration are fair

The Group advocates a performance based remuneration system for Executive Directors and key executives that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in any long-term incentive scheme involving the offer of shares or grant of options.

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Executive Chairman and CEO, amongst other things, the respective individual's responsibilities, skills, expertise and contribution to the Group's performance, and whether they are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent, meanwhile keeping tabs that they are not excessive.

The RC has adopted a framework which consists of a base fee to remunerate Non-Executive Directors based on their appointments and roles in the respective Committees, as well as the fees payable by comparable companies. Fees for the Non-Executive Directors will be tabled at the forthcoming AGM to be held on 28 April 2023 for shareholders' approval.

Provision 6.4 of the Code: Expert advice on remuneration

The members of the RC are familiar with executive compensation matters as they have prior experience in managing businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

Level and Mix of Remuneration

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the company.*

Provision 7.1 and 7.3 of the Code: Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate Executive Directors and key management personnel, while at the same time ensure that the reward in each case takes into account individual performance as well as the Group's performance.

The Group adopts a remuneration policy for key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Group's financial performance and each key management personnel's individual performance.

The Executive Directors have service terms of fixed duration periods with the Company, and their remuneration is based on service agreements with the Company. Similar to the remueration policy of key management personnel, these service agreements incorporate a fixed component in the form of a base salary and allowances, and also a variable component that is in the form of a variable bonus that is linked to the Group's financial performance and each Executive Director's individual performance. Additionally, Executive Directors of the Company are entitled to profit-sharing payouts and other benefits in their service agreements.

Pior to the expiry of each Executive Director 's service agreement, the RC will review the performance of that Executive Director during his or her service term and assess if he or she can sign another service term with the Company, or a replacement is required for the Company. The RC also reviews the terms and conditions of the expiring service agreement. The RC then makes recommendations to the Board for the new service agreement, be it for an existing or a new Executive Director, at the same time highlighting any changes to the terms and conditions from the previous service agreement. The recommendations by the RC need to be approved by the full Board to be valid.

The Executive Directors owe fiduciary duties to the Company. The Company is of the view that it should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The Company does not make use of contractual provisions to allow reclaim of incentive components of remuneration from Executive Directors and key management personnel previously paid out, in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC confirms that there is no onerous termination clause in any of the service agreements.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

The Independent Directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at AGMs. The Independent Directors are not over-compensated to the extent that their independence may be compromised.

Disclosure on Remuneration

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Provision 8.1 and 8.3 of the Code: Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

The compensation packages for the directors and the key management personnel comprised a fixed component (in the form of a basic salary) and a variable component (normally consist of cash-based annual bonus) and benefits-in-kind, where applicable, considering amongst other factors, the individual's performance, the performance of the Group and industry practices.

When determining the fixed and variable components, the individual performance is taken into consideration and remuneration recommendations are reviewed by the RC in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys. This is further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time as compared to the targets to be achieved by the Group based on its short and long term objectives. The Board exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

A breakdown showing the level and mix of each Director's remuneration for the financial year ended 31 December 2022 is set out below:

REMUNERATION BANDS OF DIRECTORS AND TOP EXECUTIVES

Remuneration Bands/ Name of Director	Salary(1) %	Bonus/ Profit-sharing %	Directors' Fees (2) %	Total %
$5000,000 to below $750,000				
Benjamin Aw Chi-Ken	51	49	–	100
Elicia Aw Ying Ying	45	55	–	100
Below $250,000				
Dr Low Seow Chay	–	–	100	100
Lee Sen Choon	–	–	100	100
William Chew Yew Meng	–	–	100	100

Notes:

(1) Salary is inclusive of allowances, Central Provident Fund contribution and benefits-in-kind.

(2) Doctors' fees are only payable after approval by shareholders at the forthcoming AGM.

The Board is aware of the recommendation of the Code that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis. However, the Company does not believe it is in its interest to disclose such details having regard to the highly competitive human resource environment and the confidential nature of remuneration matters.

The Board is of the view that the information disclosed in the Annual Report would be sufficient for the shareholders to have an adequate understanding of the Company's remuneration policies and practices.

Name of top key management personnel (who is not a director)	**Salary [1] %**	**Bonus/ Profit-sharing %**	**Total %**
$250,000 to below $500,000			
Steven Aw Soon Hwee [2]	41	59	100
Below $250,000			
Aw Lay Sim [2]	83	17	100
Michael Soh Chia Yang	84	16	100

Notes:
(1) Salary is inclusive of allowances, Central Provident Fund contribution and benefits-in-kind.
(2) Steven Aw Soon Hwee and Aw Lay Sim are respectively the uncle and auntie of both Benjamin Aw Chi-Ken and Elicia Aw Ying Ying.

The aggregate remuneration paid to the top three (2021: three) key management personnel of the Group amounted to $796,000 (2021: $853,000) for the financial year ended 31 December 2022.

The Board is aware of the recommendation of the Code that the Company should report to the shareholders each year on the remuneration of at least the top five key management personnel (who are not also directors or the CEO). However, the Group's key management team comprises of Executive Directors and three key management personnel. The Board is of the view that the current size of the key management team is appropriate, taking into account the nature and scope of the operations of the Group.

The Company does not have any employee share scheme.

Provision 8.2 of the Code: Remuneration disclosures of related employees

Steven Aw Soon Hwee is a substantial shareholder of the Company and Aw Lay Sim is the sister of Steven Aw Soon Hwee.

Elise Aw Yue Ying, Executive Manager of subsidiary Prefab Technology Pte Ltd, is the sister of Benjamin Aw Chi-Ken and Elicia Aw Ying Ying, and the niece of Steven Aw Soon Hwee and Aw Lay Sim. Her remuneration was less than $100,000 for FY2022.

James Aw Hong Hwee, Business Developement Director of subsidiary Hor Kew Private Limited, is the brother of Steven Aw Soon Hwee and Aw Lay Sim, and the uncle of Benjamin Aw Chi-Ken and Elicia Aw Ying Ying. His remuneration was less than $100,000 for FY2022.

Other than these, there were no employees of the Group who are substantial shareholders of the Company, or immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded $100,000 during the financial year.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1 of the Code: Board determines the nature and extent of risks

The Group has established a Risk Assessment Framework for the identification of key risks within the Group's business, namely Business and Strategic Risks, Financial Risks and Operational Risks.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. A self-assessment process, conducted regularly by the Management, was introduced to ensure that the Group's risk management controls are effective.

Minimum acceptable controls have been implemented to enhance the Group's internal control function in areas such as 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 risk management system has been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, the Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to ensure that the process is operating effectively as planned.

Provision 9.2 of the Code: Assurance from CEO, CFO and other key management personnel

For the financial year ended 31 December 2022, the Board has:

(a) received assurance from the CEO and the Financial Controller ("FC") that the 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) received assurance from the CEO, the FC and other key management personnel that adequate and effective risk management and internal control systems have been put in place to ensure compliance with all the relevant regulatory requirements and safeguard the interests of the Company and its shareholders.

Based on the framework of risk management controls and internal controls established and maintained by the Group, the work performed by the Management, the reviews undertaken by the independent auditor and internal audit function, and the written assurances from the CEO and the FC that the financial records have been properly maintained, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control and risk management systems in place are effective and adequate to address financial, operational, compliance and information technology controls risks which the Group considers relevant and material to its operations.

Audit Committee

Principle 10: *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

Provision 10.1 of the Code: Duties of AC

Provision 10.2 of the Code: Composition of AC

Provision 10.3 of the Code: AC does not comprise former partners or directors of the Company's auditing firm

Provision 10.4 of the Code: Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company's documents, records, properties and personnel

Provision 10.5 of the Code: AC meets with the auditors without the presence of Management annually

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the AC. The AC has its set of written terms of reference defining its scope of authority and its major functions.

The AC comprises three members who are all Non-Executive and Independent Directors as follows:

Dr Low Seow Chay	(Chairman)
Lee Sen Choon	
William Chew Yew Meng	

Being also directors of other companies, all the members of the AC have recent and relevant accounting or related financial management expertise or experience, and are qualified to discharge the AC's responsibilities.

In performing its functions, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the Management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

Internal Audit Function

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The AC has the mandate to authorise special reviews or investigations, where appropriate in discharging its responsibilities.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The internal audit function of the Group is therefore currently outsourced to In.Corp Business Advisory Pte. Ltd. ("Internal Auditor") which reports directly to the AC. The AC decides on the firm that is to be appointed as the outsourced Internal Auditor, as well as its remuneration and terms of engagement. The Internal Auditor has the requisite skill sets and experience and have carried out their function according to the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Internal Auditor supports the AC in its role to assess the adequacy and effectiveness of the Group's overall system of operational, financial, technology and compliance related controls and this aids the AC in discharging its responsibilities.

To ensure the adequacy of the internal audit function, the AC reviews and approves the risk based internal audit plan on an annual basis. The internal audit function is adequately staffed with sufficiently experienced and qualified professionals who conduct their reviews in accordance with the International Professional Practices Framework Standards.

The internal audit function is independent of all the areas and activities which are covered under the scope of review and the team members have unfettered access to all documents and personnel relating to the areas or activities which are covered under the annual internal audit plan.

The Internal Auditor has reported its audit findings and recommendations directly to the AC. The internal audit findings report has also been given to the independent auditor to ensure effective use of resources and to avoid duplication of effort.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

The main functions of the AC are as follows:

1. Reviews the audit plan of the Independent Auditor of the Company and the co-operation given by the Management to the Independent Auditor;

2. Reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

3. Receives assurance from the CEO and the FC that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

4. Reviews the half-yearly and full-year announcements on the financial performance and financial position of the Group and the Company before their submission to the Board;

5. Reviews the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and Independent Auditor's report on those financial statements before their submission to the Board;

6. Reviews the adequacy and effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management;

7. Meets with the Independent Auditor, Internal Auditor, other Committees and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

8. Reviews 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;

9. Reviews the cost effectiveness of the audit and the independence and objectivity of the Independent Auditor and Internal Auditor;

10. Reviews the nature and extent of non-audit services, if any, provided by the Independent Auditor and Internal Auditor;

11. Recommends to the Board on proposals to the shareholders on the appointment and removal of the Independent Auditor, approves the remuneration and terms of engagement of the Independent Auditor and Internal Auditor, and reviews the adequacy, effectiveness, independence, scope and results of the external audit and internal audit;

12. Reports actions and minutes of the AC meetings to the Board with such recommendations as the AC considers appropriate; and

13. Reviews interested person transactions in accordance with the requirements of the SGX-ST Listing Manual; and

14. Reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns.

The AC has the expressed power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC convened two meetings during the financial year. The AC meets with the Independent Auditor and the Internal Auditor, in each case without the presence of the Company's Management, at least once a year.

The Company has complied with Rule 712 and Rule 716 of the SGX-ST Listing Manual in relation to the appointment of its Independent Auditor. In accordance to Rule 716 of the SGX-ST Listing Manual, the Board and the AC confirm that they are satisfied that the appointment of different auditing firms for its subsidiary companies would not compromise the standard and effectiveness of the audit of the Group.

The Company's Independent Auditor, Baker Tilly TFW LLP ("Baker Tilly"), carry out their annual statutory audit to the extent of their scope as laid out in their audit plan. Internal control weaknesses noted during their audit, and their recommendations for improvement thereof are reported to the AC.

The Management will follow up on the Independent Auditor's recommendations as part of its role in the review of the Group's internal control system.

There was no non-audit related work carried out by the Independent Auditor in the current financial year, and accordingly, no non-audit fees were paid to Baker Tilly.

For the financial year ended 31 December 2022, remuneration paid or payable to Baker Tilly in relation to audit services are detailed as below:–

	2022 **$'000**	2021 $'000
Fee for audit services	**135**	120

The AC has recommended to the Board that Baker Tilly be nominated for re-appointment as Independent Auditor at the forthcoming AGM.

None of the AC members are former partners or directors of Baker Tilly.

Whistleblowing Policy

The Company has established a Code of Conduct and Business Ethics that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. Directors, key management personnel and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates.

The Group has put in place a whistleblowing framework, endorsed by the Board and the AC, which provides the mechanisms whereby employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to Dr Low Seow Chay, Chairman of the AC.

Details of the whistleblowing policies, together with the dedicated whistleblowing communication channel has been made available to all employees. The whistleblowing framework has a well-defined process which ensures independent investigation of issues and concerns raised and appropriate follow-up action and provides assurance that employees will be protected from reprisal within the limits of the law or victimisation for whistleblowing in good faith.

Anonymous reporting will also be attended to and anonymity honoured. The whistleblowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no reported incident pertaining to whistle blowing during the financial year ended 31 December 2022 and until the date of this Annual Report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: *The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Provision 11.1 of the Code: Company provides shareholders with the opportunity to participate effectively and vote at general meetings

The Company supports active shareholder participation at general meetings. To facilitate participation by shareholders, all general meetings of the Company are held in Singapore. Alternative arrangements relating to attendance at the AGM via electornic means are no longer applicable to the Company's AGM for FY2022 that is to be held on 28 April 2023, as it shall be held physically at the Company's premises at 66 Kallang Pudding Road, Hor Kew Business Centre, Singapore 349324.

Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders. The Company's Constitution provides that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the AGMs and at any adjournment thereof shall be put to the vote by way of poll. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET after the AGM.

All shareholders of the Company can retrieve soft copies of the Annual Report and Notice of AGM from SGXNET. Shareholders are encouraged to participate by raising their queries before or at the AGM as the case may be.

Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM five business days in advance of the AGM, via email or by post to the registered office of the Company at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on SGXNet by 24 April 2023. For questions raised by shareholders during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the SGXNET within one month after the AGM.

Voting for all resolutions at general meetings will be conducted by poll and the voting results, including the total numbers and percentages of votes cast for or against each resolution are announced via the SGXNET on the same day.

Provision 11.2 of the Code: Separate resolution on each substantially separate issue

Separate resolutions are proposed on each substantially separate issue, and tabled for approval by shareholders at general meetings, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Provision 11.3 of the Code: All Directors attend general meetings

All Directors are required to attend the AGM and the Chairman of the Board and the respective Chairman of the AC, NC and RC are present and available to address shareholders' queries or concerns.

The Company's Independent Auditor will also be present and available to assist the Directors in addressing any relevant queries by shareholders relating to the conduct of the audit and the preparation and content of the Independent Auditor's Report.

Provision 11.4 of the Code: Company's Constitution allow for absentia voting of shareholders

All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not relevant intermediaries to appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 48 hours before the time set for the general meetings.

Provision 11.5 of the Code: Minutes of general meeting are published on the Company's corporate website

The Company Secretary prepares minutes of general meetings which include substantial and relevant comments or queries from shareholders and responses from the Board and the Management, and such minutes are available to shareholders upon their request.

The Company does not publish minutes of general meetings of shareholders on its corporate website. The minutes of general meetings will be published on the SGXNET as soon as practicable within one (1) month from the date of the Company's AGM.

Provision 11.6 of the Code: Dividend policy

The Company is committed to rewarding shareholders fairly and sustainably. Its dividend policy is to assess at each of the Company's results announcement if it is able to provide a return to shareholders through the payment of dividends, and to pay shareholders sustainable dividends over time in line with the Group's long-term growth prospects. The form, frequency and amount of dividends will need to take into consideration the Group's earnings, financial conditions, capital requirements, cash flow projections, development plans, general business and economic conditions, and other factors as the Directors may deem appropriate, so as to ensure that the best interests of the Company are served.

Any declaration and pay-out of dividends would be clearly communicated to shareholders via the Company's announcements released on SGXNET. In the event that no dividend is declared, the reasons for such will be disclosed in the Company's results announcements in accordance with the Listing Manual of the SGX-ST.

Engagement with Shareholders

Principle 12: *The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Provision 12.1 of the Code: Company provides avenues for communication between the Board and shareholders

Provision 12.2 and 12.3 of the Code: Company has in place an investor relations policy and the policy sets out mechanism of communication between the shareholders and the Company

The Company's investor relations policy is to endeavour to actively engage and promote regular, timely, effective and fair communication with shareholders and investors.

Half-year and full year financial results, annual reports, public announcements, price sensitive information, circulars to shareholders and all other disclosures of information on material matters required by the Listing Manual, will be promptly disseminated to shareholders through announcements made via the SGXNET. The Company does not practise selective disclosure of material information. Where there is inadvertent disclosure made to a select group, the Company will ensure the same disclosures are made publicly available to all shareholders as promptly as possible through SGXNET.

The Company welcomes the views of shareholders on matters affecting the Group, whether at general meetings or on an ad-hoc basis. Shareholders are informed of these meetings through SGXNET, notices published in the newspapers or circulars sent to all shareholders.

At general meetings, shareholders are well informed of the rules, including voting procedures that govern general meetings of shareholders, and are also given the opportunity to pose any questions to the Board or Management relating to the Group's business or financial performance.

The Company has a section on its corporate website which provides the different avenues for which shareholders and other stakeholders may contact the Company with their views, feedback or questions. The Company has also established internal procedures for following up and responding to stakeholders' queries as soon as applicable. This allows an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.*

Provision 13.1 and 13.2 of the Code: Engagement with material stakeholder groups

Provision 13.3 of the Code: Corporate website to engage stakeholders

Relationship with Stakeholders

The Company values input from all of its stakeholder groups, and maintains its corporate website to communicate and engage with all stakeholders. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as those external organisations that have expertise in aspects that the Company considers material.

The Company's corporate website is at www.horkew.com.sg, and provides information about the Company such as its corporate profile, vision and mission, core values and various businesses.

Sustainability Report

In line with our commitment to sustainable business, we will separately publish our sustainability report for the financial year ended 31 December 2022. The report will be prepared with reference to Global Reporting Initiative (GRI) standards and details our economic, social and environmental activities and performance for the financial year.

DEALING IN SECURITIES

The Company has adopted an internal code based on Rule 1207 (19) of the SGX-ST Listing Manual in relation to dealings in the securities of the Company.

Pursuant to the internal code, Directors and officers of the Company are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full-year results and at any time when in possession of any unpublished material price sensitive information. It has been highlighted that Directors and officers are expected to observe insider trading laws at all times. They are also advised not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPTs")

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the AC, as well as the Board, meets half-yearly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out based on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

The Company does not have a general mandate from shareholders for IPTs pursuant to Rule 920 of the Listing Manual of the SGX-ST.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC is satisfied that the review procedures for IPTs and the reviews to be made half-yearly by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company confirms that there were no IPTs of $100,000 or more entered into during the financial year ended 31 December 2022.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and any of its subsidiary companies involving the interests of the Chief Executive Officer, any Director or controlling shareholder during the financial year ended 31 December 2022.

FINANCIAL CONTENTS

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hor Kew Corporation Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 60 to 147 are properly drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2022, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) 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.

Directors

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

Benjamin Aw Chi-Ken (Executive Chairman and Chief Executive Officer)
Elicia Aw Ying Ying
Dr Low Seow Chay
Lee Sen Choon
William Chew Yew Meng

Arrangement to enable directors to acquire benefits

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.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and/or related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of directors and corporations in which interest are held	Shareholdings registered in the name of director			Shareholdings in which the director is deemed to have an interest		
	At 1.1.2022	At 31.12.2022	At 21.1.2023	At 1.1.2022	At 31.12.2022	At 21.1.2023
The Company						
(Ordinary shares)						
Benjamin Aw Chi-Ken	3,683,882	3,683,882	3,683,882	–	–	–
Elicia Aw Ying Ying	611,625	611,625	611,625	–	–	–
Dr Low Seow Chay	4,166	4,166	4,166	–	–	–

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The Audit Committee ("AC") at the date of this statement comprises three (3) directors, all of whom are independent. The AC members are as follows:

Dr Low Seow Chay (Chairman)
Lee Sen Choon
William Chew Yew Meng

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- Assistance provided by the Company's management to the internal and independent auditors;
- Half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming AGM.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Benjamin Aw Chi-Ken Executive Chairman and Chief Executive Officer	Elicia Aw Ying Ying Executive Director

Singapore
13 April 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hor Kew Corporation Limited (the "Company") and its subsidiary companies (the "Group") as set out on pages 60 to 147, which comprise the statements of financial position of the Group and the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company 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 *Auditor's 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* (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.

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 period. 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.

Impairment of trade receivables and contract assets

As disclosed in Notes 14 and 20 to the financial statements, the net carrying amount of the Group's trade receivables and contract assets totaling $37,896,000 (2021: $21,431,000), after deducting impairment losses of $18,798,000 (2021: $15,194,000), accounted for approximately 22% (2021: 14%) of the Group's total assets as at 31 December 2022.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment of trade receivables and contract assets (cont'd)

Management determines the expected credit losses ("ECL") of trade receivables and contract assets by applying the simplified approach and using the provision matrix to measure the lifetime ECL for trade receivables and contract assets. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

Our procedures to address the key audit matter

We obtained an understanding and evaluated the Group's ECL assessment for trade receivables and contract assets. We assessed the reasonableness of management's judgement and assumptions applied in the ECL model such as management's determination of historical credit loss rates, the application of respective ECL rates for each category of past due status of debtors and debtors regarded as credit-impaired, and management's consideration of current and future economic conditions specific to its trade receivables and contract assets. We checked the arithmetic accuracy of management's computation of ECL and tested management's categorisation of debtors by their past due status.

We also reviewed the adequacy of disclosures relating to the ECL assessment of trade receivables and contract assets and the Group's credit risk 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 2022, but does not include the financial statements and our auditor's report thereon.

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 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. If, based on the work we have performed, 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.

Report on the Audit of the Financial Statements (cont'd)

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), 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.

Auditor's 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 auditor's 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.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	5	**76,457**	56,813
Cost of sales		**(60,562)**	(43,534)
Gross profit		**15,895**	13,279
Interest income		**253**	147
Other income	6	**3,980**	3,988
Expenses			
General and administrative expenses		**(11,951)**	(9,584)
Finance costs	7	**(1,759)**	(1,007)
Net impairment loss of financial and contract assets		**(3,604)**	(2,862)
Profit before tax	8	**2,814**	3,961
Tax (expense)/credit	9	**(1,093)**	61
Profit for the financial year		**1,721**	4,022
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(803)**	(192)
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(1)**	(7)
Other comprehensive loss for the financial year, net of tax		**(804)**	(199)
Total comprehensive income for the financial year		**917**	3,823
		Cents	Cents
Earnings per share	10		
Basic		**3.31**	7.72
Diluted		**3.31**	7.72

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		$'000	$'000	**$'000**	$'000
Non-current assets					
Property, plant and equipment	11	**37,126**	39,129	**440**	10
Investment properties	12	**40,905**	40,681	**–**	–
Investment in subsidiary companies	13	**–**	–	**58,933**	59,185
Trade receivables	14	**3,720**	7,213	**–**	–
Insurance asset	15	**560**	564	**–**	–
Deferred tax assets	16	**138**	426	**–**	–
Total non-current assets		**82,449**	88,013	**59,373**	59,195
Current assets					
Development properties	17	**17,576**	18,652	**–**	–
Inventories	18	**11,489**	9,231	**–**	–
Trade receivables	14	**30,279**	13,232	**–**	–
Other receivables	19	**1,386**	1,008	**15,921**	21,196
Contract assets	20	**3,897**	986	**1,898**	1,597
Financial assets at fair value through other comprehensive income	21	**10**	11	**10**	10
Cash and cash equivalents	22	**22,362**	25,808	**22**	134
Total current assets		**86,999**	68,928	**17,851**	22,937
Total assets		**169,448**	156,941	**77,224**	82,132

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		$'000	$'000	**$'000**	$'000
Non-current liabilities					
Borrowings	23	**6,164**	33,727	**259**	–
Deferred tax liabilities	16	**1,861**	2,003	**–**	–
Total non-current liabilities		**8,025**	35,730	**259**	–
Current liabilities					
Trade payables	24	**26,538**	20,246	**–**	–
Other payables	25	**5,600**	4,226	**32,421**	38,145
Contract liabilities	20	**7,620**	406	**–**	–
Borrowings	23	**54,828**	31,197	**184**	6
Provisions	26	**–**	132	**–**	–
Tax payables		**1,646**	730	**68**	68
Total current liabilities		**96,232**	56,937	**32,673**	38,219
Total liabilities		**104,257**	92,667	**32,932**	38,219
Net assets		**65,191**	64,274	**44,292**	43,913
Equity					
Share capital	27	**68,323**	68,323	**68,323**	68,323
Other reserves	28	**(7,343)**	(6,539)	**(3)**	(3)
Accumulated profits/(losses)		**4,211**	2,490	**(24,028)**	(24,407)
Total equity		**65,191**	64,274	**44,292**	43,913

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital $'000	Other reserves $'000	Accumulated (losses)/profits $'000	Total equity $'000
Group				
Balance at 1 January 2021	68,323	(6,340)	(1,532)	60,451
Profit for the financial year	–	–	4,022	4,022
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising from consolidation	–	(192)	–	(192)
- Fair value loss on financial assets at fair value through other comprehensive income	–	(7)	–	(7)
Total comprehensive (loss)/income for the financial year	–	(199)	4,022	3,823
Balance at 31 December 2021	68,323	(6,539)	2,490	64,274
Profit for the financial year	–	–	1,721	1,721
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising from consolidation	–	(803)	–	(803)
- Fair value loss on financial assets at fair value through other comprehensive income	–	(1)	–	(1)
Total comprehensive (loss)/income for the financial year	–	(804)	1,721	917
Balance at 31 December 2022	**68,323**	**(7,343)**	**4,211**	**65,191**
Company				
Balance at 1 January 2021	68,323	3	(43,981)	24,345
Profit for the financial year	–	–	19,574	19,574
Other comprehensive loss for the financial year, net of tax				
- Fair value loss on financial assets at fair value through other comprehensive income	–	(6)	–	(6)
Total comprehensive (loss)/income for the financial year	–	(6)	19,574	19,568
Balance at 31 December 2021	68,323	(3)	(24,407)	43,913
Profit and total comprehensive income for the financial year	–	–	379	379
Balance at 31 December 2022	**68,323**	**(3)**	**(24,028)**	**44,292**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Group	
	2022	2021
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**2,814**	3,961
Adjustments for:		
Depreciation of property, plant and equipment	**6,904**	6,458
Fair value gain on derivative financial instruments	**–**	(17)
Fair value gain on investment properties	**(224)**	(556)
Amortisation of prepaid insurance premiums	**2**	1
Fair value gain on insurance asset	**–**	(6)
Gain on termination of lease	**(19)**	–
Gain on disposal of property, plant and equipment	**(820)**	(101)
Impairment loss of trade receivables and contract assets	**3,604**	2,862
Interest expense	**1,759**	1,007
Interest income	**(253)**	(147)
Unrealised loss on foreign exchange	**2,407**	556
Operating cash flows before working capital changes	**16,174**	14,018
Changes in operating assets and liabilities:		
Inventories	**(2,498)**	277
Receivables	**(17,533)**	(1,396)
Contract assets	**(2,912)**	(723)
Contract liabilities	**7,214**	(1,536)
Payables	**7,534**	(1,988)
Currency translation adjustments	**337**	16
Cash generated from operations	**8,316**	8,668
Income tax paid	**(31)**	(4)
Net cash generated from operating activities	**8,285**	8,664
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**1,388**	186
Payment for settlement of derivative financial instruments	**–**	(366)
Purchases of property, plant and equipment (Note A)	**(6,108)**	(2,518)
Repayment of loan from a third party	**–**	931
Net cash used in investing activities	**(4,720)**	(1,767)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Group	
	2022	2021
	$'000	$'000
Cash flows from financing activities		
Drawdown of borrowings	**4,742**	5,544
Interest paid	**(1,698)**	(918)
Interest paid on lease liabilities	**(61)**	(89)
Repayment of borrowings	**(8,874)**	(14,960)
Uplift in fixed deposits pledged	**–**	6,700
Net cash used in financing activities	**(5,891)**	(3,723)
Net (decrease)/increase in cash and cash equivalents	**(2,326)**	3,174
Cash and cash equivalents at beginning of financial year	**5,834**	2,703
Effects of exchange rate changes on cash and cash equivalents	**(177)**	(43)
Cash and cash equivalents at end of financial year	**3,331**	5,834
Cash and cash equivalents are represented by:		
Cash and cash equivalents on the consolidated statement of financial position (Note 22)	**22,362**	25,808
Fixed deposits pledged (Note 22)	**(19,031)**	(19,974)
Cash and cash equivalents per consolidated statement of cash flows	**3,331**	5,834
Note A - Purchases of property, plant and equipment ("PPE")		
Aggregate cost of PPE acquired (Note 11)	**6,714**	2,948
Less: Additions to right-of-use assets	**(606)**	(430)
Net cash outflow for purchases of PPE	**6,108**	2,518

The accompanying notes form an integral part of these financial statements.

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

1 Corporate information

Hor Kew Corporation Limited (the “Company”) (Co. Reg. No. 199903415K) is domiciled and incorporated in Singapore as a private limited liability company on 18 June 1999. It was converted to a public company on 29 March 2000 and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 4. There have been no significant changes in the nature of these activities during the financial year.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar (“$”) (rounded to the nearest thousand ($’000) except when otherwise indicated), and have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)”). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

2 Summary of significant accounting policies (cont'd)

2.2 Foreign currencies

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 that entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The financial performance 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 Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

2 Summary of significant accounting policies (cont'd)

2.2 Foreign currencies (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign operation/entity, the cumulative amount of the currency translation reserve relating to that particular foreign operation/entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.3 Subsidiary companies

Subsidiary companies are entities controlled by the Group. 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 over the entity.

In the Company's statement of financial position, investment in subsidiary companies are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

2 Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which 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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the equity holders of the Company.

2 Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When a change in the Company's ownership interest in subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land are stated at cost less any accumulated impairment losses while freehold properties and leasehold land and buildings are stated at deemed costs, upon election of the optional exemption in SFRS(I) in 2017, less accumulated depreciation and any accumulated impairment losses.

The cost 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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item 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.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2 Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold land.

Leasehold land and buildings are amortised evenly over the terms of the leases, expire at various dates between 2024 and 2027.

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold properties	50
Leased factory premises	over the lease term of 3 years
Plant and machinery and factory equipment	3 to 12
Motor vehicles	3 to 8
Office equipment, furniture and fittings	1 to 10
Renovation	5
Moulds	1 to 5

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 reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.6 Investment properties

Investment properties include those portions of properties that are held to earn rental income and/or for capital appreciation or for a currently indeterminate use. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.6 Investment properties (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Transfers are made to or from investment property only when there is a change in use. When transfer is made between investment property and development property, its carrying amount at the date of transfer becomes its carrying amount for subsequent accounting.

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

2.7 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.8 Development properties

Development properties are properties held or developed for sale in the ordinary course of business. Development properties are measured at the lower of cost and net realisable value. The costs are assigned by using specific identification which includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials are stated at cost on a weighted average basis. The cost of finished goods and work-in-progress includes raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Financial assets

Recognition and derecognition

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

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

2 Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets in the following measurement categories:

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

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

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

Subsequent measurement

i) Debt instruments

Debt instruments include cash and cash equivalents, trade receivables and other receivables (excluding prepayments).

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

2 Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Subsequent measurement (cont'd)

ii) Insurance asset

Insurance asset comprises of prepaid insurance premiums for protection cover and financial assets at FVTPL. The financial assets at FVTPL is valued at fair value and gain and losses arising from changes in fair values and impairment losses are recognised in profit or loss.

iii) Equity instruments

For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Group has designated all of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

2 Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Impairment (cont'd)

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2.11 Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and excludes pledged fixed deposits.

2.12 Financial liabilities

Financial liabilities include trade payables, other payables (excluding provision for unutilised annual leave) and borrowings.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.12 Financial liabilities (cont'd)

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on financial liabilities at FVTPL include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

2.13 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are measured at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

2.14 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage time is recognised as a finance cost in profit or loss.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2 Summary of significant accounting policies (cont'd)

2.15 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.16 Revenue recognition

Sale of precast and prefabricated components

The Group manufactures and supplies precast and prefabricated components to customers. The Group recognises revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods underlying the particular performance obligation is transferred to customers. A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially the same. The Group recognises revenue over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the output method based on units delivered reflects the over-time transfer of control to customers and when the Group has the right to consideration from the customers. The amount of revenue recognised is based on the contractual price. The Group will progressively bills its customer in accordance with the billing terms in the sales contracts. No element of financing is deemed present.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as and when the Group satisfies the performance obligations under its contracts.

Where a retention sum is withheld by the customer in accordance with the contract or the industry practices, it is classified as receivables as the retention sum provides the customer with assurance that the related product sold will function as intended because it complies with agreed-upon specifications.

Management fee

Management fee income is recognised when services are rendered. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the right to consideration become unconditional.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.17 Leases

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

When the Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented within "borrowings" in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2 Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

When the Group entity is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of use assets (except for those which meets the definition of an investment property) are presented within "property, plant and equipment" in the statements of financial position. Right-of-use asset which meets the definition of an investment property are presented within "investment properties" and accounted in accordance with Note 2.6. The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.7.

When the Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2 Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

When the Group entity is the lessor (cont'd)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.19 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.20 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.21 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

2 Summary of significant accounting policies (cont'd)

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Going concern assumption

As at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by $9,233,000 and $14,822,000 respectively. The Group's and the Company's net assets as at 31 December 2022 were $65,191,000 and $44,292,000 respectively.

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of preparation of these financial statements remains appropriate.

In the opinion of the directors, the Group and the Company are able to continue as going concerns for at least a period of 12 months from the date these financial statements were authorised for issue due to the following factors:

- Subsequent to year end, based on discussions with the bank, the Group is satisfied that the term loan of $25,000,000 due on 31 October 2023 will be refinanced for a further 2 years, as disclosed in Note 23. The term loan will subsequently be classified as non-current borrowings. Accordingly, the current liabilities of the Group will be reduced by $25,000,000.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies (cont'd)

Going concern assumption (cont'd)

- The Group has sufficient unutilised banking facilities available for future use should the need arises.

The Group has cash and cash equivalents of $26,026,000 and unused credit lines of $87,144,000 available at the date of authorisation of these financial statements.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of leasehold land and buildings, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities; and

- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

As at 31 December 2022, potential future cash outflow of $3,182,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Calculation of loss allowance

When measuring ECL, the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

The Group determined the ECL of trade receivables and contract assets by using a provision matrix that is based on its historical observed default rates. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

As the calculation of loss allowance on trade receivables, other receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying amounts of trade receivables, contract assets, other receivables and amounts due from subsidiary companies at the end of the reporting period are disclosed in Notes 33, 14, 20 and 19 respectively.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values.

The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2.5. The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. Any changes in the expected useful lives of these assets would affect the carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

The carrying amounts of the Group's and the Company's property, plant and equipment at the end of the reporting period and the depreciation charge for the financial year are disclosed in Note 11.

3 Critical accounting judgement and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Allowance for inventories

Management determines whether an allowance is required for any shortfall in net realisable value of inventories by reviewing the inventory listing on a periodic basis. The review involves a comparison of the carrying value of the inventory items with the respective net realisable value as well as the forecasted demand for the inventories. Following the review, management sets up the necessary allowance for any shortfall in the net realisable value of the inventories.

The carrying amounts of the Group's inventories at the end of the reporting period and the amount of inventories written down for the financial year are disclosed in Note 18.

Impairment of investment in subsidiary companies

Management assesses impairment of investment in subsidiary companies whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable or indicate that the recoverable amount of the investment may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the investment or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investment in subsidiary companies at the end of the reporting period and write-back of impairment losses for the financial year are disclosed in Note 13.

Deferred income tax assets

The Group recognises deferred income tax assets on deductible temporary differences to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the deductible temporary differences can be utilised and that the Group is able to satisfy the continuing ownership test.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits and/or taxable temporary differences. The unrecognised potential deferred tax assets of the Group and the carrying amounts of the Group's deferred assets at the end of the reporting period are disclosed in Note 16.

4 Group entities

The subsidiary companies at 31 December are:

Name of entity (Country of incorporation/ place of business)	Principal activities	Ownership interest 2022 %	Ownership interest 2021 %
Subsidiary companies held by the Company			
Hor Kew Private Limited (Singapore)	Investment holding	**100**	100
Hor Kew Land Pte Ltd (Singapore)	Dormant	**100**	100
Park Vale Design & Development Pte Ltd (Singapore) (1)	Dormant	**100**	100
Prefab Technology Pte Ltd (Singapore)	Design, manufacture and sale of prestressed and precast reinforced concrete building components	**100**	100
Prefab Technology 3 Pte Ltd (Singapore)	Design, manufacture and sale of prefabricated architectural metal components	**100**	100
Prefab Technology 8 Pte Ltd (Singapore) (1)	Rental of machinery	**100**	100
GPX Land Sdn. Bhd. (Malaysia) (2)	Dormant	**99**	99
ABX Land Sdn. Bhd. (Malaysia) (2)	Property investment and development	**100**	100
Prefab Technology Sdn. Bhd. (Malaysia) (3)	Design, manufacture and sale of precast concrete building components	**100**	100
Prefab Metal Sdn. Bhd. (Malaysia) (3)	Design, manufacture and sale of prefabricated metal components	**100**	100
Subsidiary company held by Hor Kew Private Limited			
Oxley Lights Pte Ltd (Singapore)	Investment holding	**100**	100
Subsidiary company held by Oxley Lights Pte Ltd			
Oxley Lights Development Pte Ltd (Singapore)	Property investment and development	**100**	100

4 Group entities (cont'd)

All the companies are audited by Baker Tilly TFW LLP, Singapore except for the following:

(1) Audited by T S Choo & Co, Singapore

(2) Audited by Baker Tilly Malaysia, independent member firm of Baker Tilly International in Malaysia

(3) Audited by Tee & Partners, Malaysia

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited Listing Manual, the Board of Directors of the Company and Audit Committee confirmed that they are satisfied that the appointment of different auditing firms for its subsidiary companies would not compromise the standard and effectiveness of the audit of the Group.

5 Revenue

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market, major product line and timing of revenue recognition.

	2022	2021
	$'000	$'000
Primary geographical market		
Singapore	**76,457**	56,813
Major product line		
Precast concrete building components	**39,455**	39,933
Prefabricated metal components	**37,002**	16,880
	76,457	56,813
Timing of revenue recognition		
Over time	**76,457**	56,813

5 Revenue (cont'd)

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

6 Other income

	Group	
	2022	2021
	$'000	$'000
Fair value gain on investment properties (Note 12)	**224**	556
Fair value gain on derivative financial instruments	**–**	17
Gain on disposal of property, plant and equipment	**820**	101
Gain on termination of lease	**19**	–
Fair value gain on insurance asset (Note 15)	**–**	6
Government grant income	**409**	968
Rental income from:		
- Investment properties (Note 12)	**1,002**	996
- Domitory and subleasing of right-of-use assets	**381**	144
- Others	**18**	10
Sales of scrap materials	**498**	533
Sundry income	**609**	657
	3,980	3,988

6 Other income (cont'd)

Government grant income of $Nil (2021: $352,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore budget 2020 and had been extended up to 2021 by the Singapore Government.

Government grant income of $315,000 (2021: $465,000) relates to foreign worker levy rebates received from the Singapore Government to support businesses employing foreign workers on work permits and S-passes that had to suspend operations during the circuit breaker period. The foreign worker levy rebates scheme had also been extended up to 2022 by the Singapore Government.

7 Finance costs

	Group	
	2022	2021
	$'000	$'000
Interest expense on:		
- Bills payables and trust receipts	**107**	70
- Fixed advance facility	**201**	117
- Lease liabilities	**61**	89
- Term loans	**1,390**	731
	1,759	1,007

8 Profit before tax

	Group	
	2022	2021
	$'000	$'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of prepaid insurance premiums (Note 15)	**2**	1
Auditors' remuneration paid/payable to:		
- Auditor of the Company	**135**	120
- Other auditors of the Group*	**25**	27
Depreciation of property, plant and equipment (Note 11)	**6,904**	6,458
Directors' fees:		
- Directors of the Company	**98**	88
- Director of a subsidiary company	**76**	7
Fees for non-audit services paid to:		
- Auditor of the Company	**–**	–
- Other auditors of the Group	**–**	–
Net impairment loss on trade receivables and contract assets	**3,604**	2,862
Inventories written down (Note 18)	**63**	394
Loss on foreign exchange	**2,407**	581
Rental expense	**69**	375
Reversal of inventories written down (Note 18)	**(286)**	–
Staff costs**	**10,944**	8,884

* Includes independent member firm of the Baker Tilly International network.

8 Profit before tax (cont'd)

	Group	
	2022	2021
	$'000	$'000
** Staff costs		
Short-term employee benefits	**10,644**	8,643
Contribution to defined contribution plans	**300**	241
Total staff costs	**10,944**	8,884

9 Tax expense/(credit)

	Group	
	2022	2021
	$'000	$'000
Income tax:		
- Current year	**885**	501
- Under provision in respect of prior years	**62**	22
	947	523
Deferred income tax:		
- Current year (Note 16)	**146**	(158)
- Recognition of deferred taxation in respect of prior years (Note 16)	**–**	(426)
	146	(584)
	1,093	(61)

9 Tax expense/(credit)

The income tax expense/(credit) on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit in the countries where the Group operates due to the following factors:

	Group	
	2022	2021
	$'000	$'000
Profit before tax	**2,814**	3,961
Tax at the domestic rates applicable to profit in the countries where the Group operates	**464**	744
Expenses not deductible for tax purposes	**920**	946
Income not subject to tax	**(91)**	(181)
Singapore statutory stepped income exemption	**(40)**	(27)
Deferred tax assets not recognised	**157**	279
Utilisation of deferred tax assets not recognised previously	**(411)**	(1,408)
Under provision of taxation in respect of prior years	**62**	22
Recognition of deferred taxation in respect of prior years	**–**	(426)
Others	**32**	(10)
	1,093	(61)

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The statutory income tax rate applicable is 17% (2021: 17%) for companies incorporated in Singapore and 24% (2021: 24%) for companies incorporated in Malaysia.

10 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2022	2021
	$'000	$'000
Profit for the financial year attributable to equity holders of the Company	**1,721**	4,022
	'000	'000
Weighted average number of ordinary shares in issue		
- Basic weighted average	**52,067**	52,067
- Fully diluted weighted average	**52,067**	52,067

Basic earnings per share is calculated based on the Group's profit for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

The diluted earnings per share is the same as the basic earnings per share as there is no dilutive share outstanding during the relevant period.

Earnings per share of the Group for the current year reported on and the immediately preceding financial year are as follows:

	Group	
	2022	2021
	Cents	Cents
Basic earnings per share	**3.31**	7.72
Diluted earnings per share	**3.31**	7.72

11 Property, plant and equipment

	Freehold properties $'000	Leasehold land and buildings $'000	Leased factory premises $'000	Plant and machinery and factory equipment $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Moulds $'000	Total $'000
Group									
2022									
Cost									
At 1 January 2022	29,527	17,596	2,011	10,218	2,416	2,494	852	9,953	75,067
Additions	29	606	–	151	221	157	–	5,550	6,714
Currency translation differences	(749)	(93)	–	(254)	(13)	(10)	(3)	(423)	(1,545)
Disposals/write-off	–	–	–	(229)	(337)	(8)	(30)	(5,194)	(5,798)
Termination of lease	–	–	(2,011)	–	–	–	–	–	(2,011)
At 31 December 2022	**28,807**	**18,109**	**-**	**9,886**	**2,287**	**2,633**	**819**	**9,886**	**72,427**
Accumulated impairment loss									
At 1 January 2022 and 31 December 2022	**824**	**65**	**-**	**-**	**-**	**-**	**-**	**-**	**889**
Accumulated depreciation									
At 1 January 2022	1,998	9,936	1,032	7,820	2,167	2,377	821	8,898	35,049
Depreciation charge	437	1,511	652	551	135	41	–	3,577	6,904
Currency translation differences	(16)	(79)	–	(154)	(11)	(11)	(2)	(354)	(627)
Disposals/write-off	–	–	–	(229)	(337)	(8)	–	(4,656)	(5,230)
Termination of lease	–	–	(1,684)	–	–	–	–	–	(1,684)
At 31 December 2022	**2,419**	**11,368**	**-**	**7,988**	**1,954**	**2,399**	**819**	**7,465**	**34,412**
Net carrying amount									
At 31 December 2022	**25,564**	**6,676**	**-**	**1,898**	**333**	**234**	**-**	**2,421**	**37,126**

11 Property, plant and equipment (cont'd)

	Freehold properties $'000	Leasehold land and buildings $'000	Leased factory premises $'000	Plant and machinery and factory equipment $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Moulds $'000	Total $'000
Group									
2021									
Cost									
At 1 January 2021	29,640	17,188	2,011	10,256	2,420	2,438	823	8,809	73,585
Additions	82	430	–	28	–	59	30	2,319	2,948
Currency translation differences	(195)	(22)	–	(66)	(4)	(3)	(1)	(95)	(386)
Disposals	–	–	–	–	–	–	–	(1,080)	(1,080)
At 31 December 2021	29,527	17,596	2,011	10,218	2,416	2,494	852	9,953	75,067
Accumulated impairment loss									
At 1 January 2021 and 31 December 2021	824	65	–	–	–	–	–	–	889
Accumulated depreciation									
At 1 January 2021	1,613	8,381	380	7,217	1,919	2,329	821	7,039	29,699
Depreciation charge	442	1,516	652	620	251	47	1	2,929	6,458
Currency translation differences	(57)	39	–	(17)	(3)	1	(1)	(75)	(113)
Disposals	–	–	–	–	–	–	–	(995)	(995)
At 31 December 2021	1,998	9,936	1,032	7,820	2,167	2,377	821	8,898	35,049
Net carrying amount									
At 31 December 2021	26,705	7,595	979	2,398	249	117	31	1,055	39,129

11 Property, plant and equipment (cont'd)

(i) Freehold properties comprise the following:

a) Geran Mukim 99 Lot 388 in the Mukim of Senai ("Freehold Property I")

The property erected on the freehold land at Geran Mukim 99 Lot 388 in the Mukim of Senai, District of Kulai, Johor Bahru, Malaysia is a single-storey detached factory with a double-storey office annex, a single-storey detached factory, a guard house, a pump house and a bin centre associated with concrete fabrication.

b) Geran Mukim 98 Lot 389 in the Mukim of Senai ("Freehold Property II")

The property erected on the freehold land at Geran Mukim 98 Lot 389 in the Mukim of Senai, District of Kulai, Johor Bahru, Malaysia is a double-storey detached office cum guard house, a single-storey open-sided fabrication yard, one block of three-storey cabin, a power substation and a bin centre associated with concrete fabrication.

c) 66 Kallang Pudding Road ("Freehold Property III")

The property erected on the freehold land at 66 Kallang Pudding Road, Singapore 349324 is an 8-storey multiple-user industrial complex with a 2-storey carpark.

Freehold Property III comprises a portion that is used as corporate office of the Group which are accounted for under property, plant and equipment, and another portion is held to earn rental income and/or for capital appreciation which are accounted for under investment properties (Note 12).

(ii) Leasehold land and buildings comprise the following:

a) 66 Sungei Kadut Street 1 ("Leasehold Property I")

A precast fabrication factory with two 2-storey office buildings, a single storey factory building and a 2-storey factory building with a 4-storey extension which includes staff dormitories situated at 66 Sungei Kadut Street 1, Sungei Kadut Industrial Estate, Singapore 729367. The land lease was originally for 30 years starting from 16 January 1990. The lease was subsequently extended to 31 January 2025.

b) 99 Pioneer Road ("Leasehold Property II")

A part single/part 3-storey Type 'D8' standard detached factory with mezzanine level and 2 open-sided sheds situated at 99 Pioneer Road, Jurong Industrial Estate, Singapore 639580. The land lease is for 30 years starting from 1 December 1997.

11 Property, plant and equipment (cont'd)

(ii) Leasehold land and buildings comprise the following: (cont'd)

c) Geran Mukim 270 Lot 1265 and Geran Mukim 271 Lot 1266 in the Mukim of Senai ("Leasehold Property III")

The property erected on the leasehold land at Geran Mukim 270 Lot 1265 and Geran Mukim 271 Lot 1266 in Mukim of Senai, District of Kulai, Johor Bahru, Malaysia is a single-storey open-sided fabrication yard with two container offices, one block of two-storey cabin hostel with toilet facilities, a guard house and a storeroom built of corrugated metal sheets. The land lease expires on 1 June 2024.

(iii) The net carrying amount of freehold properties and leasehold land and buildings amounting to $21,420,000 (2021: $22,561,000) and $5,821,000 (2021: $6,553,000) are mortgaged to banks to secure banking facilities of the Group (Note 23).

(iv) At the end of the reporting period, the net carrying value of the Group's property, plant and equipment under right-of-use assets were $6,390,000 (2021: $9,201,000) (Note 30).

(v) At the end of the reporting period, motor vehicles of the Group with net carrying value of $Nil (2021: $39,000) are registered in the name of the key management of the Group who held the motor vehicles in trust for the Group.

11 Property, plant and equipment (cont'd)

	Office equipment, furniture and fittings $'000	Leasehold buildings $'000	Motor vehicles $'000	Renovation $'000	Total $'000
Company					
2022					
Cost					
At 1 January 2022	495	–	418	176	1,089
Additions	2	561	–	–	563
At 31 December 2022	**497**	**561**	**418**	**176**	**1,652**
Accumulated depreciation					
At 1 January 2022	490	–	413	176	1,079
Depreciation charge	3	125	5	–	133
At 31 December 2022	**493**	**125**	**418**	**176**	**1,212**
Net carrying amount					
At 31 December 2022	**4**	**436**	**–**	**–**	**440**
2021					
Cost					
At 1 January 2021 and 31 December 2021	495	–	418	176	1,089
Accumulated depreciation					
At 1 January 2021	487	–	367	176	1,030
Depreciation charge	3	–	46	–	49
At 31 December 2021	490	–	413	176	1,079
Net carrying amount					
At 31 December 2021	5	–	5	–	10

(i) At the end of the reporting period, the net carrying value of the Company's right-of-use assets is $436,000 (2021: $6,000) (Note 30).

(ii) At the end of the reporting period, motor vehicles of the Company with net carrying value of $Nil (2021: $6,000) are registered in the name of a key management of the Company who held the motor vehicles in trust for the Company.

12 Investment properties

	Group	
	2022	2021
	$'000	$'000
At 1 January	**40,681**	40,125
Fair value gain recognised in profit or loss	**224**	556
At 31 December	**40,905**	40,681
The following amounts are recognised in profit or loss:		
Fair value gain on investment properties	**224**	556
Rental income	**1,002**	996
Direct operating expenses arising from investment properties that generated rental income	**362**	365

The investment properties held by the Group at the end of the reporting period are as follows:

		Group	
		2022	2021
		$'000	$'000
Properties	**Tenure**		
Property 1	70 years from 1993	**1,103**	1,219
Property 2	Freehold	**34,162**	34,162
Property 3	Freehold	**5,640**	5,300
		40,905	40,681

12 Investment properties (cont'd)

Property 1

Property 1 comprises commercial office units located at 23B, 23C, 23G, 23H, 23J and 23K, Fuhua Complex of Quanzhou, The People's Republic of China. Property 1 units are leased out to non-related parties under cancellable operating leases.

At the end of the reporting period, the fair value of the Property 1 is determined based on the desktop valuation performed by a professional valuer. In valuing the portions of the property which are vacant, direct comparison method of valuation was adopted whereby comparisons based on actual sales or offerings of comparable properties have been made. Comparable properties with similar character, location, sizes and so on are analysed and carefully weighted against all respective advantages and disadvantages of the properties in order to arrive at a fair comparison of value. In respect of the portions of the property which are subject to existing tenancies, the income method of valuation was adopted whereby the net rental income derived from the existing tenancies are capitalised at appropriate term yields and due allowance has been made on the reversionary interests. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Property 2

Property 2 comprises the portion of 8-storey multiple-user industrial complex with a 2-storey carpark located at 66 Kallang Pudding Road, Singapore 349324 which are held to earn rental income and/or for capital appreciation (Note 11(i)(c)). Property 2 is mortgaged to bank to secure banking facilities of the Group (Note 23).

At the end of the reporting period, the fair value of the Property 2 is determined based on the desktop valuation performed by a professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and has made due adjustments for differences between the property and the comparables in terms of locations, size, layout and other factors affecting its value. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Property 3

Property 3 comprises 2 apartment units, #02-06 and #02-07 One Oxley Rise, Singapore 238714 which are held to earn rental income and/or for capital appreciation. Property 3 is mortgaged to bank to secure banking facilities of the Group (Note 23).

At the end of the reporting period, the fair value of the Property 3 is determined based on the valuation performed by a professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and has made due adjustments for differences between the property and the comparables in terms of locations, size, layout and other factors affecting its value. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

12 Investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value $'000	Valuation technique	Significant unobservable input [1]	Range
2022				
Property 1	1,103	Direct comparison method Income method	Price per square metre [2] Capitalisation rate [3]	$1,100 to $1,500 4.50%
Property 2	34,162	Direct comparison method	Price per square metre [2]	$18,900 to $24,400
Property 3	5,640	Direct comparison method	Price per square metre [2]	$20,000 to $23,000
2021				
Property 1	1,219	Direct comparison method Income method	Price per square metre [2] Capitalisation rate [3]	$1,300 to $1,600 4.50%
Property 2	34,162	Direct comparison method	Price per square metre [2]	$19,200 to $23,400
Property 3	5,300	Direct comparison method	Price per square metre [2]	$19,400 to $22,700

(1) The significant unobservable input of the properties are yet to be adjusted for any differences in terms of locations, tenure, physical characteristics or condition of the specific properties by the professional valuer.

(2) Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

(3) Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly lower (higher) fair value measurement.

13 Investment in subsidiary companies

	Company	
	2022	2021
	$'000	$'000
Unquoted equity shares at cost	**54,198**	54,198
Impairment losses	**(26,965)**	(27,162)
	27,233	27,036
Loans due from subsidiary companies	**31,700**	32,149
	58,933	59,185

The movement in the allowance for impairment losses is as follows:

	Company	
	2022	2021
	$'000	$'000
At 1 January	**27,162**	37,964
Write-back of impairment losses	**(197)**	(10,802)
At 31 December	**26,965**	27,162

See Note 4 for details of subsidiary companies.

Management performed a review of the recoverable amounts of the investment in subsidiary companies. In current financial year, management considered it appropriate to fully reverse $197,000 of the prior years' impairment losses to the carrying amount of $197,000 for a subsidiary company in the prefabrication segment as this subsidiary company was profitable and in net assets position as at 31 December 2022. Management was also confident that this subsidiary company will continue to be profitable in the foreseeable future. The recoverable amount of the subsidiary company was determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent development as at the reporting date. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projects beyond the five year period were 9.9% and 0%. Any reasonably possible change in a key assumption used in the cash flow projections will not result in significant changes to the carrying amount of the subsidiary company.

13 Investment in subsidiary companies (cont'd)

In previous financial year, management considered it appropriate to fully reverse $10,802,000 of the prior years' impairment losses to the carrying amount of $24,902,000 for a subsidiary company in the prefabrication segment as this subsidiary company was profitable and generated positive cash inflows from operating activities during the financial year ended 31 December 2021. The recoverable amount of the subsidiary company was determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent development as at the reporting date. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projects beyond the five year period were 8.1% and 3.0%. Any reasonably possible change in a key assumption used in the cash flow projections will not result in significant changes to the carrying amount of the subsidiary company.

Management determined that owing to the nature of the activities of the subsidiary companies, the loans due from subsidiary companies are quasi-equity in nature, non-interest bearing and are therefore included in the investment in subsidiary companies. The settlements of the quasi-equity loans are neither planned nor likely to occur in the foreseeable future and accordingly, the amounts are stated at cost.

14 Trade receivables

	Group	
	2022	2021
	$'000	$'000
Third party receivables	**49,117**	32,097
Related party receivables	**3,482**	3,542
	52,599	35,639
Impairment loss on trade receivables (Note 33)	**(18,600)**	(15,194)
	33,999	20,445
Represented by:		
- Non-current	**3,720**	7,213
- Current	**30,279**	13,232
	33,999	20,445

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 30 to 90 days) credit terms. Included in trade receivables are retention sums withheld by customers amounted to $9,597,000 (2021: $8,885,000). As at the reporting date, impairment loss on related party receivables amounted to $1,289,000 (2021: $1,349,000).

During the financial year, net impairment loss on trade receivables amounted to $3,406,000 (2021: $2,862,000) was recognised.

15 Insurance asset

	Group	
	2022	2021
	$'000	$'000
Prepaid insurance premiums for protection cover		
At 1 January	**98**	–
Additions	**–**	100
Amount amortised to profit or loss	**(2)**	(1)
	96	99
Less: Prepaid insurance premiums for protection cover to be amortised within 12 months	**(2)**	(1)
At 31 December	**94**	98
Financial assets at fair value through profit or loss		
At 1 January	**466**	–
Additions	**–**	460
Increase in fair value recognised in profit or loss	**–**	6
At 31 Deccember	**466**	466
Total	**560**	564

During the financial year ended 31 December 2021, the Group took up a single premium keyman insurance policy amounting to $560,000 for a director of the Group. The premium is fully paid through a revolving credit loan and is pledged to the bank to secure banking facilities granted to the Group (Note 23). The policy will mature in 2079. Upon a death claim of the insured, 100% of the insured amount plus the accumulated investment returns will be paid to the bank to repay the borrowings and the remaining amount will then be payable to the Group.

At the date of inception of the policy, the total surrender value amounted to $460,000. The difference between the single premium of $560,000 paid and initial cash surrender value of $460,000 at inception is recorded as a prepayment and amortised over the policy years.

The fair value of the keyman life insurance policy is based on the cash surrender value of the insurance policy contracts as stated in the annual statement received from the insurance company and is categorised in Level 2 of the fair value hierarchy.

16 Deferred tax

Deferred tax assets

	Group 2022 $'000	Group 2021 $'000
At 1 January	**426**	–
Credited to profit or loss (Note 9)	**(288)**	426
At 31 December	**138**	426
Deferred tax assets are attributable to the following:		
Accelerated accounting depreciation	**138**	401
Other deductible temporary differences	**–**	25
	138	426

Deferred tax liabilities

	Group 2022 $'000	Group 2021 $'000
At 1 January	**2,003**	2,161
Credited to profit or loss (Note 9)	**(142)**	(158)
At 31 December	**1,861**	2,003
Deferred tax liabilities are attributable to the following:		
Accelerated tax depreciation	**(14)**	(60)
Revaluation gain of property, plant and equipment	**1,875**	2,063
	1,861	2,003

16 Deferred tax (cont'd)

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses and unabsorbed capital allowances of approximately $25,483,000 (2021: $27,274,000) and $365,000 (2021: $365,000) respectively, that are available for carry-forward to offset against future taxable profits and/or taxable temporary differences of the companies in which the tax losses and unabsorbed capital allowances differences arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The unutilised tax losses can be carried forward indefinitely except for those arising from the subsidiary companies in the jurisdiction of Malaysia amounting to $2,031,000 (2021: $3,686,000) which can only be carried forward for a maximum period of 10 consecutive years of assessment expiring in year 2028 to be utilised against income from any business source.

The potential deferred tax assets on the following deductible temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2022	2021
	$'000	$'000
Unabsorbed tax losses	**25,483**	27,274
Unabsorbed capital allowances	**365**	365
Accelerated accounting depreciation	**1,110**	2,098
Allowance on impairment loss	**5,192**	4,169
Others	**114**	146
	32,264	34,052

The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future taxable profits and/or taxable temporary differences in these companies will be available and sufficient to allow these deductible temporary differences to be realised in the foreseeable future.

17 Development properties

	Group	
	2022	2021
	$'000	$'000
Unsold development properties:		
At 1 January	**18,652**	18,934
Currency translation differences	**(1,076)**	(282)
At 31 December	**17,576**	18,652

Development properties comprise 6 parcels of vacant residential lands and 3 parcels of vacant commercial lands located within Kota Seriemas, Nilai, Negeri Sembilan, Malaysia with total land areas of 741,554 square metres. The Group intends to develop a township on these land, but yet to commence any development activities as at 31 December 2022.

18 Inventories

	Group	
	2022	2021
	$'000	$'000
Raw materials	**3,441**	2,519
Work-in-progress	**531**	490
Finished goods	**7,517**	6,222
	11,489	9,231

The following amounts are recognised in profit or loss:

Inventories recognised as an expense in cost of sales	**60,562**	43,534
Inclusive of the following:		
- Inventories written down (Note 8)	**63**	394
- Reversal of inventories written down (Note 8)	**(286)**	–

19 Other receivables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Amounts due from subsidiary companies	**–**	–	**44,705**	49,986
Sundry receivables	**302**	1,213	**–**	3
Impairment loss on receivables	**–**	(893)	**(28,802)**	(28,810)
	302	320	**15,903**	21,179
Sundry deposits	**762**	435	**–**	–
Prepayments	**322**	253	**18**	17
	1,386	1,008	**15,921**	21,196

The impairment loss on sundry receivables of $893,000 had been fully written off during the year.

The amounts due from subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand. As at the reporting date, the Company's impairment loss on amounts due from subsidiary companies amounted to $28,802,000 (2021: $28,810,000).

20 Contract assets and liabilities

The Group receives payments from customers based on a billing schedule, as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's prefabrication business. The Company's contract assets relate to management service performed but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as and when the Group satisfies the performance obligations under its contracts.

20 Contract assets and liabilities (cont'd)

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2022	2021	1.1.2021
	$'000	$'000	$'000
Group			
Trade receivables from contracts with customers	**33,999**	20,445	21,561
Contract assets	**3,897**	986	263
Contract liabilities	**7,620**	406	1,942
Company			
Contract assets	**1,898**	1,597	1,367

Significant changes in the contract assets/liabilities balances during the financial year are as follows:

Contract assets

	2022	2021
	$'000	$'000
Group		
Contract assets reclassified to trade receivables	**986**	263
Work completed but not billed	**3,897**	986
Impairment loss on contract assets (Note 33)	**198**	–
Company		
Contract assets reclassified to other receivables	**1,597**	1,367
Service performed but not billed	**1,898**	1,597

20 Contract assets and liabilities (cont'd)

Contract liabilities

	2022 $'000	2021 $'000
Group		
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	**406**	1,729
Increases due to advances received, excluding amounts recognised as revenue during the financial year	**7,620**	193

21 Financial assets at fair value through other comprehensive income

This represents quoted equity securities listed in Singapore which are not held for trading. Accordingly, management has elected to designate this investment in equity shares at fair value through other comprehensive income. It is the Group's strategy to hold this investment for long-term purposes.

22 Cash and cash equivalents

	Group		Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Cash and bank balances	**3,281**	5,825	**22**	134
Fixed deposits	**19,081**	19,983	**–**	–
	22,362	25,808	**22**	134

Fixed deposits are placed for periods between 1 and 12 months (2021: 1 and 12 months) and bear interest rates ranging from 0.09% to 3.54% (2021: 0.05% to 2.02%) per annum. Fixed deposits of $19,031,000 (2021: $19,974,000) are pledged to banks to secure banking facilities of the Group (Note 23).

23 Borrowings

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current				
Term Loan A	**–**	25,000	**–**	–
Term Loan C	**1,150**	1,439	**–**	–
Term Loan D	**2,739**	3,613	**–**	–
Term Loan E	**2,363**	2,869	**–**	–
Term Loan F	**1,478**	1,960	**–**	–
Lease liabilities	**816**	1,074	**259**	–
Current portion of term loans	**(2,382)**	(2,228)	**–**	–
	6,164	33,727	**259**	–
Current				
Term Loan A	**25,000**	–	**–**	–
Bills payables and trust receipts	**3,263**	3,319	**–**	–
Short-term loans	**17,290**	18,040	**–**	–
Fixed advance facility	**6,300**	6,300	**–**	–
Lease liabilities	**593**	1,310	**184**	6
Current portion of term loans	**2,382**	2,228	**–**	–
	54,828	31,197	**184**	6
	60,992	64,924	**443**	6

The Group's borrowings are secured by legal mortgages over certain freehold properties (Note 11), leasehold land and buildings (Note 11), certain investment properties (Note 12), fixed deposits (Note 22), a corporate guarantee from the Company and the keyman insurance policy (Note 15).

Term Loan A is also secured by an assignment of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the investment property.

Term Loan A is repayable on 31 October 2023. Term Loan A bears interest rate at 1.20% (2021: 1.20%) per annum above the Association of Banks in Singapore ("ABS") Swap offer rate. The effective interest rate is 4.89% (2021: 1.50%) per annum. Subsequent to year end, based on discussions with the bank, the term loan will be refinanced for a further 2 years, extending the loan repayment period to financial year ending 31 December 2025.

23 Borrowings (cont'd)

Term Loan C is repayable in 84 monthly instalments up to 2026. The Term Loan C bears fixed interest rate at 2.38% (2021: 2.38%) per annum.

Term Loan D is repayable in 56 monthly instalments of $73,000 commencing from 5 September 2019 with a bullet balance payment at the end. The Term Loan D bears interest rate of 1.75% (2021: 1.75%) per annum above the bank's Cost of Fund. The effective interest rate 4.22% (2021: 2.48%) per annum.

Term Loan E and Term Loan F are repayable in 60 monthly instalments commencing from 6 August 2020 and 30 November 2020 respectively. On 18 August 2021, the Group borrowed additional borrowings for Term Loan E and is repayable in 48 monthly instalments. The Term Loan E and Term Loan F bear fixed interest rate at 2.50% (2021: 2.50%) per annum.

The bills payables and trust receipts bear effective interest rates ranging from 2.71% to 6.92% (2021: 1.58% to 3.48%) per annum.

The short-term loans represent revolving credit loans which are due for rollover on a monthly basis. The short-term loans bear effective interest rates ranging from 0.12% to 5.23% (2021: 0.12% to 1.50%) per annum.

The fixed advance facility was refinanced on 7 November 2022 and is repayable on 8 May 2023. The fixed advance facility bears interest rate of 1.30% (2021: 1.30%) per annum above the Singapore Overnight Rate Average ("SORA") in-arrears rate (2021: 1-month Singapore Interbank Offered Rate ("SIBOR") rate). The effective interest rate ranging from 4.40% to 4.49% (2021: 1.55%) per annum.

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the management expects would be available to the Group at the end of the reporting period, the fair values of the fixed rate borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting period. The floating rate borrowings are instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these borrowings, determined from discounted cash flow analysis using market lending rates for similar borrowings which the management expects would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in the Level 3 of the fair value hierarchy.

23 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Term loans $'000	Bills payables and trust receipts $'000	Fixed advance facility $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2022	52,921	3,319	6,300	2,384	64,924
Changes from financing cash flows:					
- Drawdown	2,100	2,642	–	–	4,742
- Repayments	(4,994)	(2,667)	–	(1,213)	(8,874)
- Interest paid	(1,390)	(107)	(201)	(61)	(1,759)
Non-cash changes:					
- Currency translation differences	(7)	(31)	–	(22)	(60)
- Interest expense	1,390	107	201	61	1,759
- Termination of lease	–	–	–	(346)	(346)
- New leases	–	–	–	606	606
Balance at 31 December 2022	**50,020**	**3,263**	**6,300**	**1,409**	**60,992**
Balance at 1 January 2021	61,356	2,384	6,300	3,247	73,287
Changes from financing cash flows:					
- Drawdown	3,140	2,404	–	–	5,544
- Repayments	(12,215)	(1,457)	–	(1,288)	(14,960)
- Interest paid	(731)	(70)	(117)	(89)	(1,007)
Non-cash changes:					
- Currency translation differences	80	(12)	–	(5)	63
- Interest expense	731	70	117	89	1,007
- New leases	–	–	–	430	430
- Purchase of keyman insurance	560	–	–	–	560
Balance at 31 December 2021	52,921	3,319	6,300	2,384	64,924

24 Trade payables

	Group	
	2022	2021
	$'000	$'000
Third party payables	**25,738**	18,999
Sub-contractors' retention sum	**800**	1,247
	26,538	20,246

25 Other payables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Accrued operating expenses	**4,413**	2,677	**1,123**	1,014
Amounts due to subsidiary companies	**–**	–	**31,261**	37,077
Deposits received	**297**	254	**–**	–
Sundry payables	**889**	1,295	**37**	54
Advance rental received	**1**	–	**–**	–
	5,600	4,226	**32,421**	38,145

The amounts due to subsidiary companies are non-trade in nature, unsecured, interest-free and payable on demand.

26 Provisions

	Group	
	2022	2021
	$'000	$'000
Provision for onerous contracts		
At 1 January	**132**	73
(Utilisation of provisions)/provisions made	**(132)**	59
At 31 December	**–**	132

26 Provisions (cont'd)

The Group has entered into contracts with customers to deliver precast concrete and prefabricated metal components. Due to the rising cost of materials, the aggregate costs to fulfil certain contracts are higher than the economic benefits expected to be received. As such, a provision for onerous contracts was recognised.

Significant judgements were made by management to estimate the total contract costs to complete, which were used to determine (i) the Group's recognition of the provision for the onerous contract and (ii) when it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. In making these estimates, management has relied on the expertise of quantity surveyors to determine the estimated total contract cost and also on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

27 Share capital

	Group and Company	
	2022	2021
	$'000	$'000
Issued and fully paid capital		
52,066,937 ordinary shares with no par value	**68,323**	68,323

All issued shares are fully paid ordinary shares with no par value.

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 restriction.

28 Other reserves

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Fair value reserve	**(6)**	(5)	**(3)**	(3)
Currency translation reserve	**(7,337)**	(6,534)	**–**	–
	(7,343)	(6,539)	**(3)**	(3)

Fair value reserve

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At 1 January	**(5)**	2	**(3)**	3
Fair value loss on financial assets at fair value through other comprehensive income	**(1)**	(7)	**–**	(6)
At 31 December	**(6)**	(5)	**(3)**	(3)

Fair value reserve represents fair value adjustments on quoted equity securities classified as financial assets at fair value through other comprehensive income.

28 Other reserves (cont'd)

Currency translation reserve

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
At 1 January	**(6,534)**	(6,342)	**–**	–
Net currency translation differences of financial statements of foreign subsidiary companies	**(803)**	(192)	**–**	–
At 31 December	**(7,337)**	(6,534)	**–**	–

Currency translation reserve arises from the translation of foreign subsidiary companies' financial statements whose functional currencies are different from the presentation currency of the Group.

29 Segmental information

For management purposes, the Group is organised into business units based on their products and services. The operating segments of the Group are as follows:

(i) The property investment and development segment is involved in the development, sales and leasing of residential, commercial and industrial properties.

(ii) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties as the main contractor.

(iii) The prefabrication segment is in the business of design, manufacture and sales of prestressed and reinforced concrete building components as well as prefabricated architectural metal components.

(iv) Others segment comprises mainly the Group level corporate services and treasury functions.

29 Segmental information (cont'd)

The segment information provided to management for the operating segments are as follows:

	Property investment and development $'000	Construction $'000	Prefabrication $'000	Others $'000	Eliminations $'000	Consolidated $'000
Group						
2022						
Revenue:						
Sales to external customers	-	-	76,457	-	-	76,457
Intersegment sales	-	-	-	1,898	(1,898)	-
Total revenue	-	-	76,457	1,898	(1,898)	76,457
Results:						
Segment (loss)/profit	(813)	(521)	3,973	175	-	2,814
Tax expense						(1,093)
Profit for the financial year						1,721
Other significant non-cash expenses:						
Allowance for impairment loss on trade receivables and contract assets	42	-	3,562	-	-	3,604
Depreciation of property, plant and equipment	264	33	6,598	9	-	6,904
Fair value (gain)/loss on investment properties	(340)	116	-	-	-	(224)
Unrealised loss/(gain) on foreign exchange	1,102	(21)	1,326	-	-	2,407
Segment assets	74,106	5,444	81,286	8,474	-	169,310
Unallocated assets						138
Total assets						169,448
Segment assets includes:						
Additions to non-current assets	1	-	6,710	3	-	6,714
Segment liabilities	25,385	16,951	57,254	1,160	-	100,750
Unallocated liabilities						3,507
Total liabilities						104,257

29 Segmental information (cont'd)

The segment information provided to management for the operating segments are as follows (cont'd):

	Property investment and development $'000	Construction $'000	Prefabrication $'000	Others $'000	Eliminations $'000	Consolidated $'000
Group						
2021						
Revenue:						
Sales to external customers	–	–	56,813	–	–	56,813
Intersegment sales	–	–	–	1,597	(1,597)	–
Total revenue	–	–	56,813	1,597	(1,597)	56,813
Results:						
Segment profit	665	862	2,347	87	–	3,961
Tax credit						61
Profit for the financial year						4,022
Other significant non-cash expenses:						
(Reversal of)/allowance for impairment loss on trade receivables	(55)	4	2,913	–	–	2,862
Depreciation of property, plant and equipment	264	80	6,066	48	–	6,458
Fair value gain on derivative financial instruments	(17)	–	–	–	–	(17)
Fair value gain on investment properties	(500)	(56)	–	–	–	(556)
Unrealised loss on foreign exchange	115	1	440	–	–	556
Segment assets	75,662	4,954	67,095	8,804	–	156,515
Unallocated assets						426
Total assets						156,941
Segment assets includes: Additions to non-current assets	–	–	2,948	–	–	2,948
Segment liabilities	25,368	17,630	45,863	1,073	–	89,934
Unallocated liabilities						2,733
Total liabilities						92,667

29 Segmental information (cont'd)

Segment results

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are on terms agreed by the group companies concerned.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax assets and tax recoverable which are classified as unallocated assets.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities and tax payables. These liabilities are classified as unallocated liabilities.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Sales to external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore	**76,457**	56,813	**46,793**	48,091
The People's Republic of China	**–**	–	**1,103**	1,219
Malaysia	**–**	–	**30,229**	30,598
	76,457	56,813	**78,125**	79,908

Non-current assets information presented above are non-current assets as presented on the statement of financial position excluding financial instruments and deferred tax assets.

29 Segmental information (cont'd)

Information about major customers

Revenue from major customers which amounts to more than 10% of the Group's revenue are as follows:

	Group	
	2022	2021
	$'000	$'000
Prefabrication segment - 3 (2021: 3) external customers		
- Customer 1	**10,542**	–
- Customer 2	**9,474**	6,835
- Customer 3	**–**	9,303
- Customer 4	**7,878**	–
- Customer 5	**–**	6,907
	27,894	23,045

30 Leases

a) The Group as a lessee

Nature of the Group's leasing activities - Group as a lessee

The Group's leasing activities comprise the following:

(i) The Group leases various motor vehicles, plant and equipment and also makes annual lease payments for leasehold land and factory premises. The right-of-use of these assets are classified as property, plant and equipment (Note 11).

(ii) In addition, the Group leases certain office equipment. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Company leases an office unit from its subsidiary company. The lease has a tenure of three years.

The maturity analysis of the lease liabilities is disclosed in Note 33.

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

The carrying amount of right-of-use assets are as follows:

	Group		**Company**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Classified within property, plant and equipment				
Leasehold land and building	**5,929**	7,595	**436**	–
Leased factory premises	**–**	979	**–**	–
Motor vehicles	**106**	194	**–**	6
Plant and equipment	**355**	433	**–**	–
	6,390	9,201	**436**	6
Additions to right-of-use assets	**606**	430	**561**	–

30 Leases (cont'd)

a) The Group as a lessee (cont'd)

Amounts recognised in profit or loss

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Depreciation charge for the financial year				
Leasehold land and building	**1,389**	1,516	**125**	–
Leased factory premises	**652**	652	**–**	–
Motor vehicles	**111**	181	**–**	38
Plant and equipment	**56**	58	**–**	–
	2,208	2,407	**125**	38
Lease expense not included in the measurement of lease liabilities				
Lease expense - short-term leases	**58**	365	**67**	–
Lease expense - low value assets leases	**11**	10	**2**	–
Total (Note 8)	**69**	375	**69**	–
Interest expense on lease liabilities	**61**	89	**17**	1
Income from subleasing right-of-use assets	**196**	144	**–**	–
Gain on termination of lease	**19**	**–**	**–**	–

During the financial year, total cash flow for leases amounted to $1,274,000 (2021: $1,752,000).

Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases of leasehold land and factory premises contains an extension option, for which the related lease payments had not been included in the lease liabilities as the subsidiary companies are not reasonably certain to extend the leases. This is used to maximise operational flexibility in terms of managing the assets used in the subsidiary companies' operations.

30 Leases (cont'd)

b) The Group as a lessor

Nature of the Group's leasing activities - Group as a lessor

The Group leased out its investment properties to various third parties for monthly lease payments. Rental income from investment properties are disclosed in Note 12.

The Group leased out its dormitory to foreign workers for monthly lease payments. Rental income from dormitory is disclosed in Note 6.

These leases are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Subleases - classified as operating leases

The Group leases factory premises under a head lease arrangement and subleases part of the factory premises to a third party as an intermediate lessor. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from subleasing recognised during the financial year was $196,000 (2021: $144,000).

Maturity analysis of lease payments - the Group as a lessor

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Group	
	2022	2021
	$'000	$'000
Less than one year	**848**	552
1 to 2 years	**479**	473
Total undiscounted lease payments	**1,327**	1,025

31 Contingent liabilities

Financial guarantees

	Company	
	2022	2021
	$'000	$'000
Guarantees issued for banking facilities granted to subsidiary companies	**129,425**	109,871
Amounts of banking facilities utilised by subsidiary companies	**61,875**	63,311

Management has assessed the fair values of these financial guarantees to have no material financial impact on the financial performance for the financial years ended 31 December 2022 and 31 December 2021.

32 Related party transactions

a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2022	2021
	$'000	$'000
Maintenance fee charged by a related party	**15**	14

Related parties comprise mainly companies which are controlled by the Company's directors and their close family members.

The outstanding balances with related parties at the end of the reporting period are disclosed in Note 14.

32 Related party transactions (cont'd)

b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2022	2021
	$'000	$'000
Directors of the Company:		
- Short-term employee benefits	**1,225**	815
- Contribution to defined contribution plans	**35**	24
- Directors' fees	**98**	88
	1,358	927
Other key management personnel:		
- Short-term employee benefits	**774**	822
- Contribution to defined contribution plans	**37**	31
	811	853
	2,169	1,780

In addition, benefits in kind amounting to $31,000 (2021: $32,000) are in respect of motor vehicles used by the directors and key management of the Group.

The number of directors and other key management personnel, and their remuneration bands are as follows:

	Number of directors		Number of other key management personnel	
	2022	2021	**2022**	2021
Above $1,000,000	**–**	–	**–**	–
$750,000 to below $1,000,000	**–**	–	**–**	–
$500,000 to below $750,000	**2**	–	**–**	–
$250,000 to below $500,000	**–**	2	**1**	1
Below $250,000	**3**	3	**2**	2
	5	5	**3**	3

The remuneration of key management personnel is determined by the Remuneration Committee, having regard to the performance of individuals and market trends.

33 Financial instruments

Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets:				
Financial assets at cost	**–**	–	**31,700**	32,149
Financial assets at amortised cost	**57,423**	47,008	**15,924**	21,313
Financial assets at fair value through profit or loss	**466**	466	**–**	–
Financial assets at fair value through other comprehensive income	**10**	11	**10**	10
Financial liabilities:				
Financial liabilities at amortised cost	**92,807**	89,055	**32,861**	38,151

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from the operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk, interest rate risk, liquidity risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks, and the objectives, policies and processes for the management of these risks.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of the entities in the Group. The foreign currencies in which the Group's currency risk arises are British Pound ("GBP"), Australian dollar ("AUD"), Chinese Yuan ("CNY") and Singapore dollar ("SGD"). The Company has no significant exposure to foreign currency risk as nearly all of its transactions are in Singapore dollar. The Group and the Company do not hedge their net position.

The Company and its subsidiary companies maintain their respective books and accounts in their functional currencies. As a result, the Group is subjected to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses currency borrowings and natural hedges.

At the end of the reporting period, the Group has the following significant financial assets and financial liabilities denominated in foreign currencies based on information provided to key management.

	GBP $'000	AUD $'000	CNY $'000	SGD $'000
Group				
2022				
Cash and cash equivalents	**2,717**	**11,318**	**255**	**101**
Trade and other receivables	**–**	**–**	**–**	**2,000**
Bank borrowings	**–**	**–**	**–**	**(2,739)**
Trade and other payables	**–**	**–**	**(659)**	**(19,742)**
Net financial assets/(liabilities) denominated in foreign currencies	**2,717**	**11,318**	**(404)**	**(20,380)**
2021				
Cash and cash equivalents	–	11,976	5,331	92
Trade and other receivables	–	–	–	2,783
Bank borrowings	–	–	–	(3,613)
Trade and other payables	–	–	(236)	(20,667)
Net financial assets/(liabilities) denominated in foreign currencies	–	11,976	5,095	(21,405)

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the GBP, AUD, CNY and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Increase/(decrease) in profit after tax	
	Group	
	2022	2021
	$'000	$'000
GBP/SGD		
- Strengthened 5%	**113**	–
- Weakened 5%	**(113)**	–
AUD/SGD		
- Strengthened 5% (2021: 5%)	**470**	497
- Weakened 5% (2021: 5%)	**(470)**	(497)
CNY/SGD		
- Strengthened 5% (2021: 5%)	**(17)**	211
- Weakened 5% (2021: 5%)	**17**	(211)
SGD/MYR		
- Strengthened 5% (2021: 5%)	**(846)**	(888)
- Weakened 5% (2021: 5%)	**846**	888

Credit risk

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group. The Group manages such risk by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 90 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 1 year past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Significant increase in credit risk (cont'd)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group considers that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, based on the Group's historical information of payment trends of its receivables.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

At the end of the reporting period, the Group has significant credit risk exposures mainly arising on trade receivables. Approximately 41% (2021: 31%) of the Group's trade receivables were due from 6 (2021: 5) major customers located in Singapore. The Company has significant credit risk exposures arising on loans due from subsidiary companies and amounts due from subsidiary companies amounting to $47,603,000 (2021: $53,325,000) which represented 99% (2021: 99%) of total receivables.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the statements of financial position and the guarantees as disclosed in Note 31.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance are as follows:

	Trade receivables $'000	Other financial assets at amortised cost $'000	Total $'000
Group			
Balance at 1 January 2021	12,972	893	13,865
Loss allowance recognised:			
Lifetime ECL			
- Simplified approach	2,862	–	2,862
Receivables written off as uncollectable	(640)	–	(640)
Balance at 31 December 2021	15,194	893	16,087
Loss allowance recognised:			
Lifetime ECL			
- Simplified approach	3,604	–	3,604
Receivables written off as uncollectable	–	(893)	(893)
Balance at 31 December 2022	**18,798**	**–**	**18,798**

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance are as follows (cont'd):

	Other financial assets at amortised cost $'000
Company	
Balance at 1 January 2021 and 31 December 2021	28,810
Reversal of allowance	(8)
Balance at 31 December 2022	**28,002**

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and letters of demand issued for debts due for more than 12 months.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 for the financial year are set out in the provision matrix below:

		Past due			
	Not past due	**0 to 6 months**	**6 to 12 months**	**More than 1 year**	**Total**
2022					
Expected loss rate	**4.83%**	**7.40%**	**71.55%**	**90.35%**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross receivables and contract assets	**15,656**	**22,299**	**2,861**	**15,878**	**56,694**
Loss allowance	**756**	**1,650**	**2,047**	**14,345**	**18,798**
2021					
Expected loss rate	4.25%	9.60%	34.35%	78.10%	
	$'000	$'000	$'000	$'000	$'000
Gross receivables and contract assets	10,687	7,761	460	17,717	36,625
Loss allowance	454	745	158	13,837	15,194

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's and Company's financial assets (other than trade receivables and contract assets):

Group **2022**	**12-month or lifetime ECL**	**Gross carrying amount** **$'000**	**Loss allowance** **$'000**	**Net carrying amount** **$'000**
Other receivables	Lifetime ECL	**1,064**	**–**	**1,064**
Cash and cash equivalents with financial institutions	N.A. Exposure limited	**22,362**	**–**	**22,362**
2021				
Other receivables	Lifetime ECL	1,648	(893)	755
Cash and cash equivalents with financial institutions	N.A. Exposure limited	25,808	–	25,808
Company **2022**				
Amounts due from subsidiary companies	Lifetime ECL	**44,705**	**(28,802)**	**15,903**
Loans due from subsidiary companies	12-month ECL	**31,700**	**–**	**31,700**
Cash and cash equivalents with financial institutions	N.A. Exposure limited	**22**	**–**	**22**
2021				
Amounts due from subsidiary companies	Lifetime ECL	49,989	(28,810)	21,179
Loans due from subsidiary companies	12-month ECL	32,149	–	32,149
Cash and cash equivalents with financial institutions	N.A. Exposure limited	134	–	134

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Amounts due from subsidiary companies

The Company has amounts due from subsidiary companies of $15,903,000 (2021: $21,179,000). The impairment loss allowance is measured by taking into consideration the probability of default and loss given default rate based on historical experience and forward-looking information available to the Company. Accordingly, the Company measured the impairment loss allowance using lifetime ECL and recognised an impairment loss allowance at the end of current and previous financial year.

Loans due from subsidiary companies

The Company has loans due from subsidiary companies of $31,700,000 (2021: $32,149,000). The Company assessed the latest performance and financial position of the subsidiary companies, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiary companies. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company does not expect credit loss exposure arising from these guarantees in view that the borrowings are secured by legal mortgages over certain freehold properties, leasehold land and buildings, certain investment properties, fixed deposits of the subsidiary companies and keyman insurance policy.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets and liabilities. The Group's exposure to interest rate risk arises primarily from their borrowings and fixed deposits placed with the financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings and fixed deposits at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The Group's policy is to obtain the most favourable interest rates available and manage interest costs using a mix of fixed and floating rate debts depending on market and economic conditions. For interest income from fixed deposits, the Group and the Company manage interest rate risks by placing deposits with reputable financial institutions on varying maturities and interest rate terms.

As the Company has no significant interest-bearing assets and liabilities at variable rates, the Company's financial performance is substantially independent of changes in market interest rates.

Sensitivity analysis for interest rate risk of the Group

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 100 (2021: 100) basis points with all other variables including tax rate being held constant, the profit after tax of the Group will be lower/higher by $243,000 (2021: $249,000) as a result of higher/lower interest expense on these borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. Short-term funding is obtained from bank overdrafts and credit facilities subject to the Group's compliance with the loan covenants.

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2022				
Trade payables	**26,538**	**–**	**–**	**26,538**
Other payables	**5,277**	**–**	**–**	**5,277**
Borrowings	**55,932**	**6,930**	**–**	**62,862**
Lease liabilities	**759**	**1,326**	**–**	**2,085**
	88,506	**8,256**	**–**	**96,762**
2021				
Trade payables	20,246	–	–	20,246
Other payables	3,885	–	–	3,885
Borrowings	30,476	33,243	–	63,719
Lease liabilities	1,340	996	100	2,436
	55,947	34,239	100	90,286

33 Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2022				
Other payables	**32,419**	**–**	**–**	**32,419**
Lease liabilities	**201**	**268**	**–**	**469**
Financial guarantee contracts (Note 31)	**61,875**	**–**	**–**	**61,875**
	94,495	**268**	**–**	**94,763**
2021				
Other payables	38,145	–	–	38,145
Lease liabilities	6	–	–	6
Financial guarantee contracts (Note 31)	63,311	–	–	63,311
	101,462	–	–	101,462

At the end of the reporting period, the Company does not expect credit loss exposure arising from the financial guarantee contracts in view that the borrowings are secured by legal mortgages over certain freehold properties, leasehold land and buildings, certain investment properties and fixed deposits of its subsidiary companies.

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 mainly to the market price risk arising from changes in equity price of its investment in quoted securities. These instruments are classified as financial assets at fair value through other comprehensive income. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk by monitoring the fluctuations in the price of the quoted securities and the dividend yields.

The sensitivity analysis for market price risk is not disclosed as the effect on the profit or loss and other comprehensive income/fair value reserve is considered not significant.

34 Fair value of assets and liabilities

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly 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).

b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statement of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
2022				
Group				
Financial assets				
FVOCI				
- Quoted equity securities	**10**	**–**	**–**	**10**
FVTPL				
- Insurance asset	**–**	**466**	**–**	**466**
Non-financial assets				
Investment properties				
- Freehold properties	**–**	**–**	**39,802**	**39,802**
- Leasehold properties	**–**	**–**	**1,103**	**1,103**
Total non-financial assets	**–**	**–**	**40,905**	**40,905**
2022				
Company				
Financial assets				
FVOCI				
- Quoted equity securities	**10**	**–**	**–**	**10**

34 Fair value of assets and liabilities (cont'd)

b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
2021				
Group				
Financial assets				
FVOCI				
- Quoted equity securities	11	–	–	11
FVTPL				
- Insurance asset	–	466	–	466
Non-financial assets				
Investment properties				
- Freehold properties	–	–	39,462	39,462
- Leasehold properties	–	–	1,219	1,219
Total non-financial assets	–	–	40,681	40,681
2021				
Company				
Financial assets				
FVOCI				
- Quoted equity securities	10	–	–	10

Fair values have been determined for measurement purposes based on the following methods:

Quoted equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

34 Fair value of assets and liabilities (cont'd)

b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

Fair values have been determined for measurement purposes based on the following methods (cont'd):

Insurance asset

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 15.

Investment properties

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 12.

c) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amounts of non-current trade receivables and non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rate at the initial measurement date.

The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Notes 14 and 23 respectively.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

34 Fair value of assets and liabilities (cont'd)

d) Movements in Level 3 assets and liabilities measured at fair value

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

Investment properties

	2022	2021
	$'000	$'000
Balance at beginning of financial year	**40,681**	40,125
Fair value gain recognised in profit or loss	**224**	556
Balance at end of financial year	**40,905**	40,681
Total gains for the financial year included in:		
Profit or loss:		
Other income		
- Fair value gain on investment properties	**224**	556

e) Valuation process applied by the Group

The fair values of investment properties are determined by professional valuers, having appropriate professional qualifications and experience in the category of property being valued at the end of the reporting period. The valuation reports and changes in fair value measurements are analysed and reported to the Audit Committee and Board of Directors.

35 Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's abilities to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain borrowings or sell assets to reduce borrowings.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

35 Capital management (cont'd)

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group and the Company include within net debts, borrowings, trade payables, other payables, less cash and cash equivalents. Capital represents equity attributable to equity holders of the Company. The Group's and the Company's policy is to keep the gearing ratio below 100%, as shown below:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Borrowings	**60,992**	64,924	**443**	6
Trade payables	**26,538**	20,246	**–**	–
Other payables	**5,600**	4,226	**32,421**	38,145
Cash and cash equivalents	**(22,362)**	(25,808)	**(22)**	(134)
Net debts	**70,768**	63,588	**32,842**	38,017
Total equity	**65,191**	64,274	**44,292**	43,913
Capital and net debts	**135,959**	127,862	**77,134**	81,930
Gearing ratio	**52%**	50%	**43%**	46%

36 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 13 April 2023.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2023

Share Capital	:	$68,323,493
Number of Issued and Paid-Up Shares	:	52,066,937
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1,145	22.86	72,432	0.14
100 - 1,000	2,584	51.59	836,863	1.61
1,001 - 10,000	1,105	22.06	3,589,193	6.89
10,001 - 1,000,000	166	3.31	11,084,178	21.29
1,000,001 and above	9	0.18	36,484,271	70.07
	5,009	**100.00**	**52,066,937**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/N	Name	No. of Shares	%
1	HOR KEW HOLDINGS PTE LTD	17,093,821	32.83
2	ESTATE OF AW KHOON HWEE (DECEASED)	5,413,499	10.40
3	AW SOON HWEE	3,327,746	6.39
4	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,550,337	4.90
5	AW YUE YING ELISE	2,234,184	4.29
6	DBS NOMINEES (PRIVATE) LIMITED	1,804,783	3.47
7	NG LINGLING DAWN (HUANG LINGLING DAWN)	1,801,017	3.46
8	AW CHI-KEN BENJAMIN (HU ZHIQING)	1,133,545	2.18
9	AW LAY SIM	1,125,339	2.16
10	AU YONG EANG	833,333	1.60
11	GOH GUAN SIONG (WU YUANXIANG)	761,000	1.46
12	PHILLIP SECURITIES PTE LTD	676,451	1.30
13	AW YING YING ELICIA	611,625	1.17
14	AW LAY TIN	433,955	0.83
15	TAN ENG CHUA EDWIN	425,866	0.82

S/N	Name	No. of Shares	%
16	KHO CHUAN THYE PATRICK	405,333	0.78
17	AW XIAOYING ELEANOR	358,093	0.69
18	KUEK TONG AU	331,500	0.64
19	AW GEOK MUI	264,759	0.51
20	AW LAY CHOO	264,759	0.51
	Total	**41,850,945**	**80.39**

PERCENTAGE OF SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 15 March 2023, approximately 33.14% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as at 15 March 2023 as recorded in the Register of Substantial Shareholders maintained by the Company are:

	Number of Shares			
Name	Direct Interest	Deemed Interest	Total Interest	%
Hor Kew Holdings Pte Ltd	17,093,821	–	17,093,821	32.83
Estate of Aw Khoon Hwee (deceased)	5,413,499	17,093,821 (1)	22,507,320	43.23
Estate of Aw Leng Hwee (deceased)	–	17,093,821 (1)	17,093,821	32.83
Benjamin Aw Chi-Ken	3,683,882 (2)	–	3,683,882	7.08
Aw Soon Hwee	3,327,746	–	3,327,746	6.39

Note 1: Estate of Aw Khoon Hwee (deceased) and Estate of Aw Leng Hwee (deceased) are each deemed to be interested in 17,093,821 shares held by Hor Kew Holdings Pte Ltd by virtue of Section 7 of the Companies Act 1967.

Note 2: 2,550,337 of these shares are held in the name of BNP Paribas Nominees Singapore Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("**AGM**") of Hor Kew Corporation Limited (the "**Company**") will be held at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 on Friday, 28 April 2023 at 9.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To re-elect the following Directors who will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:

   (a) Mr Lee Sen Choon **Resolution 2**
   (b) Ms Aw Ying Ying Elicia **Resolution 3**

   Mr Lee Sen Choon will, upon re-election as a Director of the Company, continue to serve as a member of the Audit Committee, Remuneration Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$97,500 for the financial year ended 31 December 2022 (2021: S$97,500). **Resolution 4**

4. To re-appoint Baker Tilly TFW LLP as Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 5**

5. To transact any other ordinary business that may be transacted at an annual general meeting.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

   That pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to: **Resolution 6**

   (1) (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) 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 (as well as adjustments to) 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

(2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(a) 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 (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities 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 (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (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 (a) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Rule; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

Adjustments in accordance with sub-paragraph (b)(i) or sub-paragraph (b)(ii) 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;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note]

By Order of the Board

Koh Geok Hoon, Judy (Ms)
Koh Ee Koon (Ms)
Joint Company Secretaries

Singapore
13 April 2023

Explanatory Note on Special Business to be transacted:

The proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of this AGM until the next annual general meeting, to allot and issue new shares and/or convertible securities in the Company up to a number not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being, calculated as described in the Resolution.

Notes:

1. The members of the Company are invited to attend physically at the Twenty-Fourth Annual General Meeting ("**AGM**"). There will be no option for shareholders to participate virtually. Printed copies of this Notice of AGM, the Proxy Form and Annual Report 2022, will not be sent to members. The electronic copies of the Notice of AGM, Proxy Form and the Annual Report 2022 are available on the SGX website at the URL http://www.sgx.com/securities/company-announcements.

2. Members (including Central Provident Fund Investment Scheme Investors ("**CPFIS Investors**") and/or Supplementary Retirement Scheme Investors ("**SRS Investors**") may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM, and/or

   (c) voting at the AGM

      (i) themselves personally; or

      (ii) through their duly appointed proxy(ies).

   CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.00 a.m. on **18 April 2023**, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company who is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

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 form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, 1967:

(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 market 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, 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712;

   (b) if submitted electronically, be submitted via email to the Company at michael_soh@horkew.com.sg

   In either case, by 9.00 a.m. on 26 April 2023, being no later than 48 hours before the time set for the AGM.

7. The Chairman of the AGM, as proxy, need not be a member of the Company.

8. Members submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by 9.00 a.m. on 21 April 2023:

   (a) by email to michael_soh@horkew.com.sg

   (b) by post to the registered office of the Company at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324

   The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on SGXNet by 24 April 2023.

9. For questions addressed during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the SGXNet within one month after the AGM.

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 (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

HOR KEW CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
Company Reg. No. 199903415K

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "**Relevant Intermediar**y").
2. For investors who have used their CPF or SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPFIS and SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. CPFIS and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.00 a.m. on 18 April 2023.
3. Please read the notes to the Proxy Form.

I/We, ______________________ (Name) ______________________ (NRIC/Passport/Company Registration No.)

of ____(Address)
being a member/members of Hor Kew Corporation Limited (the "Company") hereby appoint

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
(a)				
and/or (delete as appropriate)				
(b)				

or failing him/them, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend, speak or vote on my/our behalf at the AGM of the Company to be held at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 on Friday, 28 April 2023 at 9.00 a.m. and at any adjournment thereof.

I/we have directed my/our proxy/proxies to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies (other than the Chairman of the AGM) may vote or abstain from voting at his/their discretion, as he/they will on any other matters arising at the AGM and/or at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided.

No.	**RESOLUTIONS RELATING TO:**	**FOR**	**AGAINST**	**ABSTAIN**
As Ordinary Business				
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2022			
2	Re-election of Mr Lee Sen Choon as a Director of the Company			
3	Re-election of Ms Elicia Aw Ying Ying as a Director of the Company			
4	Approval of Directors' Fees for the year ended 31 December 2022			
5	Re-appointment of Baker Tilly TFW LLP as Independent Auditor of the Company			
As Special Business				
6	Authority to Directors to issue shares and/or convertible securities			

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this __________day of_________________2023

Total Number of Shares Held

____
Signature(s) of Member(s) /
Common Seal of Corporate Member

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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 or proxies shall be deemed to relate to all the shares held by you.
2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
3. For any member who acts as a Relevant Intermediary pursuant to Section 181 of the Companies Act, 1967, who is either:
   (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 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, 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   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 form of proxy.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

   A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

fold along this line (1)

Please affix postage stamp

The Share Registrar for
Hor Kew Corporation Limited
In.Corp Corporate Services Pte. Ltd.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

fold along this line (2)

4. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:
   (a) If submitted by post, be lodged at the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712;
   (b) If submitted electronically, be submitted via email to michael_soh@horkew.com.sg.

   In either case, by 9.00 a.m. on 26 April 2023, being no later than 48 hours before the time set for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the above address provided above, or before sending it by email to the email address provided above.
5. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
6. The Proxy Form must be signed by the appointer or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. 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 at the AGM, in accordance with Section 179 of the Companies Act, 1967.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited 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 13 April 2023.

Hor Kew Corporation Limited
Company Reg No.: 199903415K

66 Kallang Pudding Road #07-01
Hor Kew Business Centre
Singapore 349324
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