



2020 Full-Year Financial Statements Announcement

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL-YEAR ANNOUNCEMENTS

1. (a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED RESULTS FOR FULL-YEAR ENDED 31 DECEMBER 2020

The Directors of Hor Kew Corporation Limited advise the following unaudited results of the Group for the full-year ended 31 December 2020.

	Group		
	Full-year ended 31 December 2020	Full-year ended 31 December 2019	% Variance
	\$'000	\$'000	+ / (-)
Revenue	49,538	64,379	(23)
Cost of sales	(39,135)	(57,856)	(32)
Gross profit	10,403	6,523	59
Interest income from fixed deposits	230	406	(43)
Other income	5,546	4,171	33
	16,179	11,100	46
Expenses:			
General and administrative expenses	7,807	9,378	(16)
Finance costs	1,758	2,073	(15)
Net impairment losses on financial and contract assets	6,073	871	NM
	15,638	10,580	48
Profit before tax	541	520	4
Tax (expense)/credit	(19)	380	NM
Profit for the year	522	900	(42)
Other comprehensive income/(loss):			
<u>Items that are or may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation	9	(22)	NM
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Fair value loss on financial assets at fair value through other comprehensive income	-	-	NM
Other comprehensive income/(loss) for the financial year, net of tax	9	(22)	NM
Total comprehensive income for the financial year	531	878	(40)
Earnings per share			
Basic (cents)	1.00	1.73	(42)
Diluted (cents)	1.00	1.73	(42)

NM Not meaningful

Notes:

1. (a) (i) Other income includes the following:

	Group		
	Full-year ended 31 December 2020	Full-year ended 31 December 2019	% Variance
	\$'000	\$'000	+ / (-)
Dividend income	1	1	-
Gain on disposal of property, plant and equipment	60	56	7
Gain on foreign exchange	1,640	-	NM
Gain on transfer of completed development properties held for sale to investment properties	-	1,916	NM
Gain on valuation of investment properties	114	-	NM
Rental income from:			
- investment properties	760	876	(14)
- others	90	78	15
Sale of scrap materials	269	327	(18)
Government grants	1,989	-	NM
Sundry income	623	917	(32)

1. (a) (ii) Profit before tax is arrived at after charging/(crediting) the following:

	Group		
	Full-year ended 31 December 2020	Full-year ended 31 December 2019	% Variance
	\$'000	\$'000	+ / (-)
Auditors' remuneration paid/payable to:			
- auditor of the Company	120	120	-
- other auditors of the Group	23	23	-
Depreciation of property, plant and equipment	5,611	6,815	(4)
Directors' fees	94	104	(10)
Fair value loss on derivative financial instruments	107	14	NM
Fair value (gain)/loss on investment properties	(114)	-	NM
Impairment loss on property, plant and equipment	824	824	-
Impairment loss on trade receivables	6,073	621	NM
Inventories written (back)/down	-	6	NM
Loss on foreign exchange	-	869	NM
Rental expense	88	243	(64)
Write-back of impairment loss on trade receivables	-	(1,492)	NM
Staff costs	7,257	10,632	(32)

1. (a) (iii) Tax expense/(credit) includes the following:

	Group		
	Full-year ended 31 December 2020	Full-year ended 31 December 2019	% Variance
	\$'000	\$'000	+ / (-)
Income tax:			
- current year	44	8	NM
- over/(under) provision in respect of prior years	-	(233)	NM
	44	(225)	NM
Deferred income tax:			
- current year	(25)	(155)	(84)
- under/(over) provision in respect of prior years	-	-	NM
	-	-	NM
	19	(380)	NM

NM: Not meaningful

1. (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group \$'000		Company \$'000	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Non-current assets				
Property, plant and equipment	42,996	42,919	59	144
Investment properties	40,103	39,989	-	-
Investment in subsidiary companies	-	-	48,198	48,383
Trade receivables	8,093	7,350	-	-
Other non-current assets	952	1,318	-	-
	92,144	91,573	48,257	48,527
Current assets				
Development properties	18,934	18,923	-	-
Completed development properties held for sale	-	-	-	-
Inventories	8,901	8,998	-	-
Trade receivables	14,051	21,165	-	-
Other receivables	977	1,237	8,904	8,596
Contract assets	-	195	1,367	2,016
Financial assets at fair value through other comprehensive income	18	18	16	16
Cash and cash equivalents	29,607	27,939	4	282
	72,488	78,475	10,291	10,910
Total assets	164,632	170,048	58,548	59,437
Non-current liabilities				
Borrowings	33,667	31,455	-	-
Deferred tax liabilities	2,339	2,313	-	-
	36,006	33,768	-	-
Current liabilities				
Trade payables	21,858	27,600	-	-
Other payables	4,110	3,631	34,093	34,798
Contract liabilities	1,942	3,817	-	-
Borrowings	39,619	39,314	31	54
Provisions	73	1,533	-	-
Derivative financial instruments	383	275	-	-
Tax payables	12	12	-	-
	67,997	76,182	34,124	34,852
Total liabilities	104,003	109,950	34,124	34,852
Net assets	60,629	60,098	24,424	24,585
Equity				
Share capital	68,323	68,323	68,323	68,323
Other reserves	(6,352)	(6,361)	3	3
Accumulated losses	(1,360)	(1,864)	(43,902)	(43,741)
Total equity	60,629	60,098	24,424	24,585

1. (b) (ii) Aggregate amount of group's borrowings and debt securities.

(a) Amount repayable in one year or less, or on demand

As at 31 December 2020 \$'000		As at 31 December 2019 \$'000	
Secured	Unsecured	Secured	Unsecured
39,619	-	39,314	-

(b) Amount repayable after one year

As at 31 December 2020 \$'000		As at 31 December 2019 \$'000	
Secured	Unsecured	Secured	Unsecured
33,667	-	31,455	-

Details of collaterals:

- (1) Certain subsidiary companies of the Group have pledged their assets for the borrowings;
- (2) First legal mortgages on certain subsidiary companies' investment properties, as well as assignment of all rights, titles and interests on all sale and tenancy agreements, building agreements, construction contracts, guarantees, performance bonds, insurance policies and any other contracts; and
- (3) Corporate guarantees given by the Company to secure borrowings of certain subsidiary companies.

1. (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Full-year ended 31 December 2020	Full-year ended 31 December 2019
	\$'000	\$'000
Cash flows from operating activities:		
Profit before tax	541	520
Adjustments for:		
Depreciation of property, plant and equipment	5,271	6,815
Dividend income	(1)	(1)
Fair value loss on derivative financial instruments	107	14
Fair value (gain)/loss on investment properties	(114)	34
(Gain)/loss on disposal of property, plant and equipment	(61)	(56)
Gain on transfer of completed development properties held for sale to investment properties	-	(1,916)
Interest expense	1,758	2,073
Interest income	(230)	(406)
Unrealised (gain)/loss on foreign exchange	(636)	749
Operating cash flows before working capital changes	6,635	7,826
Changes in operating assets and liabilities:		
Inventories	97	(936)
Receivables	6,770	(3,764)
Contract assets	68	277
Contract liabilities	(1,874)	(831)
Payables	(6,726)	(3,229)
Currency translation adjustments	(642)	51
Cash generated from/(used in) operations	4,328	(606)
Income tax refund	6	2
Net cash generated from/(used in) operating activities	4,334	(604)
Cash flows from investing activities:		
Dividends received	1	1
Proceeds from disposal of property, plant and equipment	49	94
Purchase of property, plant and equipment	(3,297)	(2,291)
Loan to a third party	366	(1,300)
Net cash used in investing activities	(2,882)	(3,496)
Cash flows from financing activities:		
Drawdown of borrowings	5,555	20,828
Interest paid	(1,734)	(2,049)
Repayment of borrowings	(4,099)	(17,263)
Repayment of hire purchase payables	(263)	-
Net cash (used in)/generated from financing activities	(540)	539
Net increase/(decrease) in cash and cash equivalents	912	(2,584)
Cash and cash equivalents at beginning of financial year	1,998	4,587
Effect of exchange rate changes on cash and cash equivalents	2	(5)
Cash and cash equivalents at end of financial year	2,912	1,998

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statement of financial position amounts:

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
Cash and cash equivalents on the consolidated statement of financial position	29,607	27,939
Fixed deposits pledged	(26,695)	(25,829)
Bank overdrafts	-	(112)
Cash and cash equivalents per consolidated statement of cash flows	2,912	1,998

1. (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Other reserves	Accumulated (losses)/ profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Group:				
Balance at 1 January 2019	68,323	(6,339)	(2,764)	59,220
Profit for the financial year	-	-	900	900
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising from consolidation	-	(22)	-	(22)
Total comprehensive (loss)/income for the year, net of tax	-	(22)	900	878
Balance at 31 December 2019	68,323	(6,361)	(1,864)	60,098
Profit for the financial year	-	-	522	522
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising from consolidation	-	9	-	9
Total comprehensive (loss)/income for the year, net of tax	-	9	522	531
Balance at 31 December 2020	68,323	(6,352)	(1,342)	60,629

	Share capital	Other reserves	Accumulated profits/(losses)	Total equity
	\$'000	\$'000	\$'000	\$'000
Company:				
Balance at 1 January 2019	68,323	4	(43,678)	24,649
Loss for the financial year	-	-	(63)	(63)
Other comprehensive loss for the year, net of tax - Fair value loss on financial assets at fair value though other comprehensive income	-	(1)	-	(1)
Total comprehensive loss for the year	-	(1)	(63)	(64)
Balance at 31 December 2019	68,323	3	(43,741)	24,585
Loss for the financial year	-	-	(161)	(161)
Other comprehensive loss for the year, net of tax - Fair value loss on financial assets at fair value though other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(161)	(161)
Balance at 31 December 2020	68,323	2	(43,902)	24,424

1.(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the period under review, there is no change in the Company's share capital.

During the financial year, no share options were lapsed and the Company did not grant new share options. As at 31 December 2020, nil (31 December 2019: nil) share options representing 0.00% (31 December 2019: 0.00%) of the existing issued share capital remained outstanding.

The Company did not hold any treasury shares nor subsidiary holdings as at 31 December 2020 (31 December 2019: Nil).

1. (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 December 2020 is 52,066,937 shares (31 December 2019: 52,066,937 shares).

1. (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of treasury shares as at current financial year ended 31 December 2020.

1. (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of subsidiary holdings as at current financial year ended 31 December 2020.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as on the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those of the audited financial statements for the financial year ended 31 December 2019.

5. **If there are any changes to its accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no new SFRS(I) with significant changes to the accounting policies of the Group and the Company nor any the amounts reported for the current and prior periods.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Full-year ended 31 December 2019	Full-year ended 31 December 2018
Profit for the year attributable to equity holders of the Company	\$'000 522	\$'000 900
Weighted average number of ordinary shares in issue	'000	'000
- Basic weighted average	52,067	52,067
- Fully diluted weighted average	52,067	52,067
Basic earnings per share	Cents 1.00	Cents 1.73
Diluted earnings per share	1.00	1.73

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

Diluted earnings per share is calculated based on the Group's profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares arising from the share options.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$
Net asset value per ordinary share	1.16	1.15	0.47	0.47

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: - (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of comprehensive income

The Group generated revenue of \$49.5 million in FY2020 as compared to \$64.7 million in FY2019, an decrease of \$15.2 million. This decrease was due to low sales level in the circuit breaker period in Singapore as well as in the subsequent months due to various measures implemented in the local construction industry to contain the spread of COVID-19.

The Group recorded a higher gross profit of \$10.4 million in FY2020 compared to a gross profit of \$6.5 million in FY2019, mainly due to higher profit margins from newer projects and stability in raw material prices.

Other income of the Group increased from \$4.2 million in FY2019 to \$5.5 million in FY2020 mainly due to \$2.0 million Singapore Government grants.

General and administrative expenses decreased from \$9.4 million in FY2019 to \$7.8 million in FY2020, mainly due to decrease in staff costs.

Finance costs decreased from \$2.1 million in FY2019 to \$1.8 million in FY2020 mainly due to lower interest rates on our loans.

The Group recorded a profit before tax of \$0.5 million in FY2020 (FY2019: profit before tax of \$0.5 million).

The Group provided tax expense of \$19,000 in FY2020 after taking into consideration of available tax allowances and reliefs, and over-provision of income tax in prior years. (FY2019: tax credit of \$380,000).

Profit after tax of the Group for FY2020 was \$0.5 million (FY2019: profit after tax of \$0.9 million).

The Group had a comprehensive income of \$9,000 from favourable currency movements in foreign subsidiaries compared to loss of \$22,000 in FY2019.

The Group reported total comprehensive income of \$0.5 million in FY2020 (FY2019: total comprehensive profit of \$0.9 million).

Statement of financial position

Property, plant and equipment remained roughly same as last year. Total non-current assets increased by \$0.5 million mainly due to \$0.7 million increase in non-current trade receivables.

Current assets of the Group decreased by \$6.0 million from FY2019 mainly due to decrease in trade receivables of \$7.0 million.

Total assets of the Group decreased \$5.4 million from FY2019 to \$164.6 million as at 31 December 2020.

Trade and other payables decreased by \$5.2 million mainly due to lower volume of business. Total borrowings increased by \$2.5 million mainly due to new lease liabilities.

Total liabilities of the Group decreased by \$6.0 million from FY2019 and stood at \$104.0 million as at 31 December 2020.

Shareholders' equity of the Group increased by \$0.5 million and recorded at \$60.6 million as at 31 December 2020. The increase was mainly due to profit after tax of \$0.5 million for the year.

Statement of cash flows

The Group generated \$4.3 million in its operating activities. It used \$2.9 million in its investing activities and \$0.5 million in its financing activities.

Net cash of the Group increased by \$0.9 million and stood at \$2.9 million as at 31 December 2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's actual results are in line with the commentary under paragraph 10 of the Group's previous results announcement (3Q 2020 financial statements announcement).

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The construction industry in Singapore was badly affected in year 2020 due to the COVID-19, but is expected to improve in year 2021. The Group's business had recovered to normal levels by the end of year 2020, and we expect the business volume to be maintained in the coming year if the COVID-19 situations in Singapore and Malaysia are kept under control.

11. Dividend.

(a) Current Financial Period Reported On.

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable.

Not applicable.

(d) Books closure date.

Not applicable.

(e) Total cumulative dividend (net).

There is no dividend declared for FY2020 (FY2019: Nil).

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL-YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half-Year Results)

13. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Full year ended 31 December 2020

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	49,538	-	-	49,538
Inter-segment sales	-	-	-	1,367	(1,367)	-
Total revenue	-	-	49,538	1,367	(1,367)	49,538
Segment profit/(loss)	1,762	(490)	(357)	(162)	(212)	541
Tax expense						(19)
Profit for the year						522

Full year ended 31 December 2019

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	64,379	-	-	64,379
Inter-segment sales	-	-	-	2,016	(2,016)	-
Total revenue	-	-	64,379	2,016	(2,016)	65,947
Segment profit/(loss)	1,311	(923)	581	(287)	(162)	520
Tax credit						380
Profit for the year						900

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Property investment and development segment

Property investment and development segment did not have any projects in both FY2019 and FY2020.

The segment recorded a profit of \$1.3 million in FY2019 mainly due to \$1.9 million fair value gain from completed development properties held for sale being classified as investment properties. The segment gained of \$1.8 million in FY2020 mainly due to foreign exchange gain of \$1.7 million.

Construction segment

Construction segment did not have any projects in both FY2019 and FY2020.

This segment loss was mainly due to interest and other administrative costs.

Prefabrication segment

The prefabrication segment recorded a loss of \$0.4 million in FY2020 compared to profit of \$0.6 million in FY2019, mainly due to lower sales and impairment loss on trade receivables.

Investment holdings and others

Revenue of investment holdings and others segment, which mainly comprised management fees charged to some Singapore companies of the Group fell from FY2019 mainly due to lower staff costs.

This segment reported a lower loss of \$0.2 million in FY2020, compared to a loss of \$0.3 million in FY2019.

15. A breakdown of sales.

	Group		
	Full-year ended 31 December 2020 \$'000	Full-year ended 31 December 2019 \$'000	% Variance + / (-)
Sales reported for the first half-year	16,141	28,532	(43)
Operating loss after tax before deducting non-controlling interests reported for first half-year	(2,769)	(5,163)	(46)
Sales reported for the second half-year	33,397	35,847	(7)
Operating profit after tax before deducting non-controlling interests reported for second half-year	3,291	6,063	(46)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full-year and its previous full-year.

	FY2020	FY2019
Name of Dividend	Nil	Nil
Dividend Type	Not applicable	Not applicable
Dividend Amount per Share (in cents)	Not applicable	Not applicable
Tax Rate	Not applicable	Not applicable
Total Annual Dividend (\$'000)	Not applicable	Not applicable

17. Interested Person Transactions.

There were no interested person transactions for the financial year ended 31 December 2020.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such person, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Aw Lay Sim	62	<ol style="list-style-type: none"> 1. Sister of Aw Khoon Hwee (Executive Chairman/Managing Director/Substantial Shareholder of the Company) 2. Sister of Aw Soon Hwee (Substantial Shareholder of the Company) 3. Aunt of Aw Ying Ying (Executive Director of the Company) 4. Aunt of Aw Chi-Ken (Executive Director of the Company) 5. Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company. 	<p>Group Human Resource of the Company since December 2001.</p> <p>Also oversees the Information Technology, Administration and Human Resource function of the Group as well as facilities management of the investment property in Singapore.</p>	N.A.
Aw Hong Hwee	68	<ol style="list-style-type: none"> 1. Brother of Aw Khoon Hwee (Executive Chairman/Managing Director/Substantial Shareholder of the Company) 2. Brother of Aw Soon Hwee (Substantial Shareholder of the Company) 3. Uncle of Aw Ying Ying (Executive Director of the Company) 4. Uncle of Aw Chi-Ken (Executive Director of the Company) 5. Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company. 	<p>Business Development Director of Hor Kew Pte Ltd since December 2001. Responsible for business development.</p>	N.A.

19. Confirmation that issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Undertakings from all directors and executive officers under Rule 720 (1) have been duly procured.

BY ORDER OF THE BOARD

MS KOH EE KOON
COMPANY SECRETARY
1 March 2021