



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

**2020 Second-Quarter and Half-Year Financial Statements Announcement**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 THE SECOND-QUARTER AND HALF-YEAR ENDED 30 JUNE 2020**

The Directors of Hor Kew Corporation Limited advise the following unaudited results of the Group for the period ended 30 June 2020.

	Group					
	2Q 2020	2Q 2019	% Variance	1H 2020	1H 2019	% Variance
	\$'000	\$'000	+ / (-)	\$'000	\$'000	+ / (-)
Revenue	2,443	14,129	(83)	16,141	28,532	(43)
Cost of sales	(3,648)	(14,459)	(75)	(15,856)	(28,943)	(45)
<b>Gross (loss)/profit</b>	<b>(1,205)</b>	<b>(330)</b>	NM	<b>285</b>	<b>(411)</b>	NM
Interest income from fixed deposits	51	129	(60)	155	253	(35)
Other income	1,432	575	NM	1,899	1,240	53
	278	374	(26)	2,339	1,082	108
<b>Expenses</b>						
General and administrative expenses	996	2,816	(64)	4,064	4,713	(14)
Finance costs	510	573	(11)	1,054	1,058	-
Interest expense on leases	-	7	NM	-	15	NM
Net impairment losses on financial and contract assets	-	-	NM	-	425	NM
	1,506	3,396	(56)	5,118	6,211	(18)
<b>Loss before tax</b>	<b>(1,288)</b>	<b>(3,022)</b>	(57)	<b>(2,779)</b>	<b>(5,129)</b>	(46)
Tax credit/(expense)	5	8	(38)	10	(34)	NM
<b>Loss for the period</b>	<b>(1,223)</b>	<b>(3,014)</b>	(59)	<b>(2,769)</b>	<b>(5,163)</b>	(46)
<b>Other comprehensive (loss)/income</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation differences arising from consolidation	(149)	(96)	55	(92)	387	NM
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(149)</b>	<b>(96)</b>	55	<b>(92)</b>	<b>(38)</b>	NM
<b>Total comprehensive loss for the period</b>	<b>(1,372)</b>	<b>(3,110)</b>	(56)	<b>(2,861)</b>	<b>(5,201)</b>	(45)
<b>Loss per share</b>						
Basic (cents)	(2.35)	(5.79)	(59)	(5.32)	(9.92)	(46)
Diluted (cents)	(2.35)	(5.79)	(59)	(5.32)	(9.92)	(46)

NM Not meaningful

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

	Group					
	2Q 2020	2Q 2019	% Variance	1H 2020	1H 2019	% Variance
	\$'000	\$'000	+ / (-)	\$'000	\$'000	+ / (-)
Rental income	243	365	(33)	519	753	(31)
Sales of scrap material	20	104	(81)	139	197	(29)
Sundry income	1,169	106	NM	1,241	290	NM

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

	Group					
	2Q 2020	2Q 2019	% Variance	1H 2020	1H 2019	% Variance
	\$'000	\$'000	+ / (-)	\$'000	\$'000	+ / (-)
Impairment loss on trade receivables	-	13	NM	-	438	NM
Depreciation of property, plant and equipment	1,290	2,161	(40)	2,626	3,729	(30)
Directors' fees	25	26	(4)	51	52	(2)
Fair value loss/(gain) on derivative financial instruments	42	71	(41)	328	(36)	NM
Foreign exchange (gain)/loss	(1,170)	673	NM	(471)	582	NM
Loss on disposal of property, plant and equipment	-	-	NM	46	47	(2)
Operating lease expenses	85	156	(46)	374	361	4
Staff costs	1,361	2,726	(50)	3,892	5,222	(25)

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

	Group					
	2Q 2020	2Q 2019	% Variance	1H 2020	1H 2019	% Variance
	\$'000	\$'000	+ / (-)	\$'000	\$'000	+ / (-)
Income tax:						
- current period	(2)	(2)	-	(4)	(1)	NM
- over provision in respect of prior years	-	4	NM	-	4	NM
	(2)	2	NM	(4)	3	NM
Deferred tax:						
- current year	7	6	17	14	(37)	NM
	5	8	(38)	10	(34)	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	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<b>Non-current assets</b>				
Property, plant and equipment	41,971	42,916	187	144
Investment properties	39,989	39,989	-	-
Investment in subsidiary companies	-	-	48,383	48,383
Trade receivables	7,033	7,350	-	-
Loan to a third party	1,321	1,318	-	-
	90,314	91,573	48,570	48,527
<b>Current assets</b>				
Development properties	18,762	18,923	-	-
Inventories	10,842	8,998	-	-
Trade receivables	13,452	21,165	-	-
Other receivables	1,800	1,237	10,614	8,596
Contract assets	-	195	-	2,016
Financial assets at fair value through other comprehensive income	18	18	16	16
Cash and cash equivalents	27,663	27,939	243	282
	72,537	78,475	10,873	10,910
<b>Total assets</b>	162,851	170,048	59,443	59,437
<b>Non-current liabilities</b>				
Borrowings	31,190	31,455	-	-
Deferred tax liabilities	2,352	2,313	-	-
	33,542	33,768	-	-
<b>Current liabilities</b>				
Trade payables	22,452	27,600	-	-
Other payables	3,804	3,631	35,734	34,798
Contract liabilities	4,633	3,817	-	-
Borrowings	40,062	39,314	-	-
Hire purchase payables	-	-	49	54
Provisions	505	1,533	-	-
Derivative financial instruments	604	275	-	-
Tax payables	12	12	-	-
	72,072	76,182	35,783	35,852
<b>Total liabilities</b>	105,614	109,950	35,783	35,852
<b>Net assets</b>	57,237	60,098	23,660	24,585
<b>Equity</b>				
Share capital	68,323	68,323	68,323	68,323
Other reserves	(6,453)	(6,361)	3	3
Accumulated losses	(4,633)	(1,864)	(44,666)	(43,741)
<b>Total equity</b>	57,237	60,098	23,660	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 30 June 2020 (\$'000)		As at 31 December 2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
40,062	-	39,314	-

(b) Amount repayable after one year

As at 30 June 2020 (\$'000)		As at 31 December 2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
31,190	-	31,455	-

**Details of collaterals:**

- (1) Certain subsidiary companies of the Group have pledged their assets for the borrowings;
- (2) First legal mortgages over 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			
	2Q 2020	2Q 2019	1H 2020	1H 2019
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Loss before tax	(1,228)	(3,022)	(2,779)	(5,129)
Adjustments for:				
Impairment for trade receivables	-	13	-	438
Depreciation of property, plant and equipment	1,322	2,267	2,514	3,835
Fair value loss/(gain) on derivative financial instruments	42	71	328	(36)
(Gain)/loss on disposal of property, plant and equipment	(66)	-	(46)	47
Interest expense	510	572	1,054	1,058
Interest income from fixed deposits	(34)	(129)	(155)	(253)
Unrealised loss/(gain) on foreign exchange	(1,518)	421	(669)	388
<b>Operating cash flows before working capital changes</b>	<b>(972)</b>	<b>193</b>	<b>247</b>	<b>348</b>
<b>Changes in operating assets and liabilities:</b>				
Inventories	(2,366)	(83)	(1,981)	102
Receivables	8,128	(277)	7,663	(844)
Payables	(4,434)	891	(5,380)	480
Currency translation adjustments	757	(327)	125	(538)
<b>Cash generated from/(used in) operations</b>	<b>1,113</b>	<b>397</b>	<b>674</b>	<b>(452)</b>
Tax (paid)/refunded	(1)	-	5	1
<b>Net cash generated from/(used in) operating activities</b>	<b>1,112</b>	<b>397</b>	<b>679</b>	<b>(451)</b>
<b>Cash flows from investing activities:</b>				
Proceeds from disposal of property, plant and equipment	64	(47)	168	(47)
Purchase of property, plant and equipment	(730)	(1,156)	(1,351)	(1,782)
<b>Net cash used in investing activities</b>	<b>(666)</b>	<b>(1,203)</b>	<b>(1,183)</b>	<b>(1,829)</b>
<b>Cash flows from financing activities:</b>				
Drawdown of borrowings	(522)	3,048	2,802	6,707
Interest paid	(510)	(577)	(1,030)	(1,031)
Repayment of borrowings	265	(2,868)	(1,987)	(5,278)
Repayment of hire purchase payables	(54)	(121)	(245)	(251)
<b>Net cash (used in)/generated from financing activities</b>	<b>(821)</b>	<b>(518)</b>	<b>(460)</b>	<b>147</b>
Net decrease in cash and cash equivalents	(375)	(1,324)	(964)	(2,132)
Cash and cash equivalents at beginning of financial period	1,424	3,800	1,998	4,587
Effect of exchange rate changes on cash and cash equivalents	(38)	(41)	(23)	(19)
<b>Cash and cash equivalents at end of financial period</b>	<b>1,011</b>	<b>2,435</b>	<b>1,011</b>	<b>2,435</b>

Cash and cash equivalents are represented by:

	Group	
	30 June 2020 \$'000	30 June 2019 \$'000
Cash and cash equivalents on the consolidated statement of financial position	27,663	28,492
Fixed deposits pledged	(26,652)	(26,057)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>1,011</b>	<b>2,435</b>

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 \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Group:</b>				
Balance at 1 January 2019	68,323	(6,339)	(2,764)	59,220
Loss for the period	-	-	(5,163)	(5,163)
Other comprehensive income:				
Currency translation differences arising from consolidation	-	(38)	-	(38)
Total comprehensive (loss)/income for the period	-	(38)	(5,163)	(5,201)
Balance at 30 June 2019	68,323	(6,377)	(7,927)	54,019
Balance at 1 January 2020	68,323	(6,361)	(1,864)	60,098
Loss for the period	-	-	(2,769)	(2,769)
Other comprehensive income:				
Currency translation differences arising from consolidation	-	(92)	-	(92)
Total comprehensive income/(loss) for the period	-	(92)	(2,769)	(2,861)
Balance at 30 June 2020	68,323	(6,453)	(4,633)	57,237
	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Company:</b>				
Balance at 1 January 2019	68,323	7	(43,678)	24,649
Total comprehensive loss for the period	-	-	(1,259)	(1,259)
Balance at 30 June 2019	68,323	7	(44,937)	23,390
Balance at 1 January 2020	68,323	3	(43,741)	24,585
Total comprehensive loss for the period	-	-	(925)	(925)
Balance at 31 June 2020	68,323	3	(44,666)	23,660

- 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. No share option was lapsed during the financial period. The Company did not grant new share options during the financial period.

The Company did not hold any treasury shares nor subsidiary holdings as at 30 June 2020 (30 June 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 30 June 2020 is 52,066,937 shares (31 December 2019: 52,066,937 shares).

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at current financial period ended 30 June 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 period ended 30 June 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.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 period as those of the audited financial statements for the financial year ended 31 December 2019.

- 5. If there are any changes in the 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 other new SFRS(I) with significant changes to the accounting policies of the Group and the Company nor any of the amounts reported for the current and prior periods.

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

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			
	2Q 2020 Ended 30 June 2020	2Q 2019 Ended 30 June 2019	1H 2020 Ended 30 June 2020	1H 2019 Ended 30 June 2019
	\$'000	\$'000	\$'000	\$'000
Loss attributable to equity holders of the Company	(1,223)	(3,014)	(2,769)	(5,163)
Weighted average number of ordinary shares in issue	'000	'000	'000	'000
- Basic weighted average	52,067	52,067	52,067	52,067
- Fully diluted weighted average	52,067	52,067	52,067	52,067

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

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

	Group			
	2Q 2020 Ended 30 June 2020	2Q 2019 Ended 30 June 2019	1H 2020 Ended 30 June 2020	1H 2019 Ended 30 June 2019
	Cents	cents	cents	cents
Basic loss per share	(2.35)	(5.79)	(5.32)	(9.92)
Diluted loss per share	(2.35)	(5.79)	(5.32)	(9.92)

7. **Net asset value (for the issuer and the 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 period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	\$	\$	\$	\$
Net asset value per ordinary share	1.10	1.15	0.45	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**

Revenue of the Group decreased by \$11.7 million from \$14.1 million in 2Q 2019 to \$2.4 million in 2Q 2020. The increase was mainly due to low volume of deliveries for prefabrication products, as most of the construction sites have not been allowed to resume work due to the COVID-19 situation.

The Group suffered a gross loss of \$1.2 million in 2Q 2020 compared to gross loss of \$0.3 million in 2Q 2019. The bigger gross loss was mainly due to the much lower revenue.

Other income increased by \$0.8 million mainly due to subsidies received via the Job Support Scheme.

General and administrative expenses decreased from \$2.8 million in 2Q 2019 to \$1.0 million in 2Q 2020 mainly due to foreign exchange loss in 2Q 2019 but foreign exchange gain in 2Q 2020.

Finance costs of the Group decreased from \$0.6 million in 2Q 2019 to \$0.5 million in 2Q 2020 mainly due to falling interest rates of borrowings.

Loss before tax of the Group was lower at \$1.3 million for 2Q 2020, compared to a loss before tax of \$3.0 million for 2Q 2019.

The Group recorded a tax credit of \$5K for 2Q 2020 (2Q 2019: \$8K) after reviewing its current tax status.

After consideration of the above, the Group recorded loss after tax of \$1.3 million in 2Q 2020 (2Q 2019: loss after tax of \$3.0 million).

The Group suffered other comprehensive loss of \$149K from unfavourable foreign currency movements in foreign subsidiaries in 2Q 2020 (2Q 2019: \$96K).

The Group reported total comprehensive loss of \$1.4 million in 2Q 2020 (2Q 2019: \$3.1 million).

#### **Statement of financial position**

Total assets of the Group decreased from \$170.0 million as at 31 December 2019 to \$162.9 million as at 30 June 2020 mainly due to fall in trade receivables.

Non-current assets as of 30 June 2020 were slightly lower than 31 December 2019 mainly due to depreciation.

Current assets fell \$6.0 million due mainly to \$7.7 million fall in trade receivables, partially offset by \$1.8 million increase in inventories.

Non-current borrowings remained at roughly the same level as 31 December 2019.

Total liabilities of the Group decreased from \$110.0 million as at 31 December 2019 to \$105.6 million as at 30 June 2020, mainly due to \$5.1 million fall in trade payables.

The net assets of the Group recorded as at 30 June 2020 was \$57.2 million.

#### **Statement of cash flows**

The Group generated net cash of \$1.1 million from its operating activities in 2Q 2020.

It used \$0.7 million in investing activities mainly for purchasing of property, plant and equipment.

It used \$0.8 million in financing activities mainly because loan and interest repayments were more than loan drawdowns.

Overall, the Group used \$0.4 million in 2Q 2020, and the cash and cash equivalents stood at \$1.0 million as at 30 June 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 (1Q 2020 financial statements announcement).

**10. A commentary at the date of 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 has been badly affected by the COVID-19 situation and the business environment remains challenging in the coming months. The Group has taken various measures to reduce costs and will implement further measures when needed.

**11. Dividend.**

**(a) Current Financial Period Reported On.**

Any dividend declared for the current financial period reported on?

None.

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

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

None.

**(c) Date payable.**

Not applicable.

**(d) Books closure date.**

Not applicable.

**(e) Total cumulative dividend (net).**

Not applicable.

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

No dividend has been declared or recommended for the period ended 30 June 2020.

**13. Interested person transactions**

There were no interested person transactions for the period ended 30 June 2020.

**BY ORDER OF THE BOARD**

MS KOH EE KOON  
COMPANY SECRETARY  
14 August 2020

**CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**

The Company confirms that it has procured undertakings from all its directors and executive officers in the revised format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**STATEMENT PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

MR BENJAMIN AW CHI-KEN  
EXECUTIVE CHAIRMAN & CEO

MS ELICIA AW YING YING  
EXECUTIVE DIRECTOR

14 August 2020