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## RESPONSE TO SGX QUERIES

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The Board of Directors (the “**Board**”) of Hor Kew Corporation Limited (the ‘**Company**’ and together with its subsidiaries, the “**Group**”) wishes to provide the following information in response to SGX’s queries received on 23 April 2024 relating to the Group’s Annual Report for the financial year ended 31 December 2023 (“**FY2023**”) released on 15 April 2024 via SGXNET:-

### SGX query 1:

Pursuant to Rule 704(6), if an issuer has previously announced its preliminary full-year results, the issuer must immediately announce any material adjustments to its preliminary full-year results made subsequently by auditors. We note that there are discrepancies of more than 5% between the audited and unaudited Consolidated Statement of Cash Flows in respect of the financial year ended 31 December 2023. Please (i) reconcile such discrepancies and provide a detailed explanation for the adjustments; and (ii) explain why the Company did not disclose these as required under Listing Rule 704(6).

### Company’s response:

- (i) Please find below the variances between the audited and unaudited Consolidated Statement of Cash Flows in respect of FY2023:

	<b>Audited results in Annual Report \$’000</b>	<b>Unaudited Preliminary Full-year Results \$’000</b>	<b>Variance %</b>	<b>Explanations</b>
Net cash generated from operating activities	15,310	15,718	(2.6)	
Net cash used in investing activities	(1,854)	(2,887)	(36)	1
Net cash used in financing activities	(8,957)	(8,431)	6.2	2
Cash and cash equivalents at end of financial year	7,672	7,584	1.2	

### Explanations:

1. Decrease mainly due to decrease in purchases of property, plant and equipment.
  2. Increase mainly due to net increase for repayment of borrowings and drawdown of borrowings, due to reclassifications.
- (ii) The Company did not disclose the above discrepancies of more than 5% between the audited and unaudited Consolidated Statement of Cash Flows in respect of FY2023, as the overall variance for cash and cash equivalents was only 1.2%, as can be seen in above table. The Company shall take note to disclose such significant variances moving forward.

**SGX query 2:**

We note that Dr. Low Seow Chay, Mr. Lee Sen Choon and Mr. William Chew Yew Meng have served on the Board for more than 9 years and will only serve as Independent Directors until the conclusion of the Company's forthcoming Annual General Meeting on 30 April 2024. Taking this into account, the Company would not have any independent directors on its board.

Provision 2.2 of the Code of Corporate Governance 2018 requires independent directors to make up majority of the Board where the Chairman is not independent. Additionally, Listing Rules 210(5)(c) and 704(8) require (i) the Company's board to have at least 2 independent directors and independent directors must comprise at least one-third of the Company's board; and (ii) the Company's Audit Committee to have a minimum of 3 members. Please disclose details of the Company's plans and current progress, including an indicative timeline to comply with these requirements.

**Company's response:**

The Nominating Committee has recommended three candidates to the Board for appointment as Independent Directors (IDs) and members of the Audit Committee (AC). The Company shall announce the appointment of its three new IDs and members of AC via SGXNET by 30 April 2024.

**SGX query 3:**

We note that the internal audit function of the Group is currently outsourced to In.Corp Business Advisory Pte Ltd ("IA").

- (a) Please disclose (i) the size of the IA and IA engagement team; (ii) the qualifications, experience and track record of the IA and the IA Partner; (iii) whether the IA Partner is a member of any professional body for internal auditors and if so, please provide the relevant details; and (iv) the experience and track record of the professionals involved in the IA function of the Group;
- (b) Please disclose whether the IA Partner has prior experience providing IA services to SGX listed entities and entities of similar industry and size of operations as the Company; and
- (c) Please disclose whether the standards applied by the IA comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

**Company's response:**

Please find our replies as follows:

- (a)(i) The size of the IA is 12 persons. The size of the IA engagement team servicing Group is 5 persons.
- (a)(ii) The IA Partner has more than 16 years of audit experience serving various Public Listed Companies, Ministries, Organs of State, Statutory Boards, Institutions of Higher Learning, Financial Institutions, Charities and Institutions of a Public Character and holds the following qualifications and professional memberships:
  - Certified Internal Auditor (IIA)
  - Chartered Accountant, Singapore (ISCA)
  - Certificate in Sustainability for Finance (ACCA)
  - Bachelor of Accountancy (Nanyang Technological University)
  - Masters of Science – Management (University College Dublin)
  - Member, The Institute of Internal Auditors Singapore (IIA)
  - Member, Institute of Singapore Chartered Accountants (ISCA)
  - Member, Information Systems Audit and Control Association (ISACA)

(a)(iii) The IA Partner is a member of the Institute of Internal Auditors Singapore (IIA).

(a)(iv) The IA team is led by Senior Managers/Managers who hold Certified Internal Auditor and Chartered Accountant (Singapore) qualifications and have 5 to 8 years of relevant audit experience, and are members of the IIA.

The IA team is also supported by Senior Associates with 3 to 4 years of relevant audit experience.

The IA Partner and team serve as the Internal Audit Function for publicly listed companies in the following industries:

- Industrial and Commercial Services
- Transportation
- Manufacturing
- Construction and Engineering
- Food Services
- Healthcare
- Mineral Resources

(b) Yes, the IA Partner has prior experience providing IA services to SGX listed entities and entities of similar industry and size of operations as the Company; and

(c) Yes, the standards applied by the IA comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

**BY ORDER OF THE BOARD**

MS JUDY KOH GEOK HOON  
COMPANY SECRETARY  
25 April 2024