



**HOR KEW CORPORATION LIMITED**  
***(Company Registration No. 199903415K)***

**Unaudited financial statements**

**For the six months and full year ended 31 December 2023**

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## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 31 December 2023 \$'000	6 months ended 31 December 2022 \$'000	Change %	12 months ended 31 December 2023 \$'000	12 months ended 31 December 2022 \$'000	Change %
<b>Revenue</b>	4	<b>54,269</b>	45,213	20	<b>104,846</b>	76,457	37
Cost of sales	6	<b>(41,047)</b>	(39,265)	5	<b>(82,024)</b>	(60,562)	35
<b>Gross profit</b>		<b>13,222</b>	5,948	NM	<b>22,822</b>	15,895	44
Interest income from fixed deposits		<b>342</b>	194	76	<b>630</b>	253	NM
Other income	6	<b>2,618</b>	2,380	10	<b>3,391</b>	3,980	(15)
<b>Expenses</b>							
General and administrative expenses	6	<b>(7,087)</b>	(6,731)	5	<b>(12,189)</b>	(11,951)	2
Finance costs		<b>(1,440)</b>	(1,218)	18	<b>(2,752)</b>	(1,759)	56
Net impairment losses on financial and contract assets	6	<b>(2,371)</b>	(1,324)	79	<b>(4,539)</b>	(3,604)	26
<b>Profit/(loss) before taxation</b>		<b>5,284</b>	(751)	NM	<b>7,363</b>	2,814	NM
Tax expense	7	<b>(1,769)</b>	(409)	NM	<b>(2,165)</b>	(1,093)	97
<b>Profit/(loss) for the financial period</b>		<b>3,515</b>	(1,160)	NM	<b>5,198</b>	1,721	NM
<b>Other comprehensive income/(loss):</b>							
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>							
Currency translation differences arising from consolidation		<b>(218)</b>	(463)	(53)	<b>(1,026)</b>	(803)	28
<b><u>Items that will not be reclassified subsequently to profit or loss:</u></b>							
Fair value loss on financial assets at fair value through other comprehensive		<b>(1)</b>	-	NM	<b>(1)</b>	(1)	-
<b>Other comprehensive loss for the financial period, net of tax</b>		<b>(219)</b>	(463)	(53)	<b>(1,027)</b>	(804)	28
<b>Total comprehensive (loss)/income for the financial period</b>		<b>3,296</b>	(1,623)	NM	<b>4,171</b>	917	NM
<b>(Loss)/earnings per share</b>							
Basic (SGD in cents)		<b>6.75</b>	(2.22)	NM	<b>9.98</b>	3.31	NM
Diluted (SGD in cents)		<b>6.75</b>	(2.22)	NM	<b>9.98</b>	3.31	NM

NM: Not meaningful

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	32,736	37,126	481	440
Investment properties	12	41,457	40,905	-	-
Investment in subsidiary companies		-	-	61,217	59,185
Trade receivables		7,468	3,720	-	-
Insurance asset		558	560	-	-
Other receivables		138	138	-	-
<b>Total non-current assets</b>		<b>82,357</b>	<b>82,449</b>	<b>61,698</b>	<b>59,373</b>
<b>Current assets</b>					
Development properties		16,546	17,576	-	-
Inventories		8,898	11,489	-	-
Trade receivables		20,884	30,279	-	-
Other receivables		1,461	1,386	15,894	15,921
Contract assets	5	1,164	3,897	3,385	1,898
Financial assets at fair value through other comprehensive income	10	9	10	9	10
Cash and cash equivalents		25,276	22,362	253	21
<b>Total current assets</b>		<b>74,238</b>	<b>86,999</b>	<b>19,541</b>	<b>17,851</b>
<b>Total assets</b>		<b>156,595</b>	<b>169,448</b>	<b>81,239</b>	<b>77,224</b>
<b>Non-current liabilities</b>					
Borrowings	13	28,995	6,164	66	259
Deferred tax liabilities		1,900	1,861	-	-
<b>Total non-current liabilities</b>		<b>30,895</b>	<b>8,025</b>	<b>66</b>	<b>259</b>
<b>Current liabilities</b>					
Trade payables		20,291	26,538	-	-
Other payables		7,268	5,600	33,333	32,421
Contract liabilities	5	914	7,620	-	-
Borrowings	13	26,040	54,828	337	184
Tax payables		1,825	1,646	68	68
<b>Total current liabilities</b>		<b>56,338</b>	<b>96,232</b>	<b>33,738</b>	<b>32,673</b>
<b>Total liabilities</b>		<b>87,233</b>	<b>104,257</b>	<b>33,804</b>	<b>32,932</b>
<b>Net assets</b>		<b>69,362</b>	<b>65,191</b>	<b>47,435</b>	<b>44,292</b>
<b>Equity</b>					
Share capital		68,323	68,323	68,323	68,323
Other reserves		(8,370)	(7,343)	(4)	(3)
Accumulated profits/(losses)		9,409	4,211	(20,885)	(24,028)
<b>Total equity</b>		<b>69,362</b>	<b>65,191</b>	<b>47,435</b>	<b>44,292</b>

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### C. Condensed interim statements of changes in equity

The Group	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2022	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
Profit for the financial year	-	-	5,198	5,198
Other comprehensive loss for the financial year, net of tax:				
- Currency translation differences arising from consolidation	-	(1,026)	-	(1,026)
- Fair value loss on financial assets at fair value through other comprehensive income	-	(1)	-	(1)
Total comprehensive (loss)/income for the financial year	-	(1,027)	5,198	4,171
<b>Balance at 31 December 2023</b>	<b>68,323</b>	<b>(8,370)</b>	<b>9,409</b>	<b>69,362</b>

The Company	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2022	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
Profit for the financial year	-	-	3,144	3,144
Other comprehensive loss for the financial year, net of tax:				
- Fair value loss on financial assets at fair value through other comprehensive income	-	(1)	-	(1)
Total comprehensive (loss)/income for the financial year	-	(1)	3,144	3,143
<b>Balance at 31 December 2023</b>	<b>68,323</b>	<b>(4)</b>	<b>(20,884)</b>	<b>47,435</b>

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended 31 December 2023 \$'000	12 months ended 31 December 2022 \$'000
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	7,363	2,814
Adjustments for:		
Depreciation of property, plant and equipment	6,153	6,904
Fair value gain on investment properties	(552)	(224)
Amortisation of prepaid insurance premiums	-	2
Fair value gain on insurance asset	-	-
Gain on termination of lease	-	(19)
Gain on disposal of property, plant and equipment	(40)	(820)
Impairment loss of trade receivables and contract assets	4,539	3,604
Interest expense	2,752	1,759
Interest income	(630)	(253)
Unrealised loss on foreign exchange	895	2,407
<b>Operating cash flows before working capital changes</b>	<b>20,480</b>	<b>16,174</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	2,387	(2,498)
Receivables	1,129	(17,533)
Contract assets	2,734	(2,912)
Contract liabilities	(6,706)	7,214
Payables	(4,578)	7,534
Currency translation adjustments	2,295	337
<b>Cash generated from operations</b>	<b>17,741</b>	<b>8,316</b>
Income tax paid	(2,023)	(31)
<b>Net cash generated from operating activities</b>	<b>15,718</b>	<b>8,285</b>
<b>Cash flows from investing activities:</b>		
Additions to investment properties	100	-
Proceeds from disposal of property, plant and equipment	602	1,388
Purchase of property, plant and equipment	(3,589)	(6,108)
<b>Net cash used in investing activities</b>	<b>(2,887)</b>	<b>(4,720)</b>
<b>Cash flows from financing activities:</b>		
Drawdown of borrowings	53	4,742
Interest paid	(2,730)	(1,698)
Repayment of lease liabilities	(22)	(61)
Repayment of borrowings	(6,883)	(8,874)
Decrease of fixed deposits pledged	1,151	-
<b>Net cash used in financing activities</b>	<b>(8,431)</b>	<b>(5,891)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,400</b>	<b>(2,326)</b>
Cash and cash equivalents at beginning of financial period	3,331	5,834
Effect of exchange rate changes on cash and cash equivalents	(147)	(177)
<b>Cash and cash equivalents at end of financial year</b>	<b>7,584</b>	<b>3,331</b>
<b>Cash and cash equivalents are represented by:</b>		
Cash and cash equivalents on the consolidated statement of financial position	25,276	22,362
Fixed deposits pledged	(17,692)	(19,031)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>7,584</b>	<b>3,331</b>

### E. Notes to the condensed interim consolidated 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.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Design, manufacture and sale of prestressed and precast reinforced concrete building components
- (b) Design, manufacture and sale of prefabricated architectural metal components
- (c) Property investment and development
- (d) Investment holding
- (e) Rental of machinery

#### 2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

##### 2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

##### 2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### 4. Segment information

The Group is organised into the following main business segments:

- (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; and
- (iv) The others segment comprises mainly the Group level corporate services and treasury functions

These operating segments are reported in a manner consistent with internal reporting provided to the management who will then allocate resources and assess performance of the operating segments.

#### 4.1 Reportable segments

##### 1 July 2023 to 31 December 2023

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>						
Sales to external customers	-	-	54,269	-	-	54,269
Inter-segment sales	-	-	-	2,327	(2,327)	-
Total revenue	-	-	54,269	2,327	(2,327)	54,269
<b>Segment profit/(loss)</b>	202	(492)	3,818	1,756	-	5,284
<b>Tax expense</b>						(1,769)
<b>Profit for the period</b>						3,515

##### 1 July 2022 to 31 December 2022

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>						
Sales to external customers	-	-	45,213	-	-	45,213
Inter-segment sales	-	-	-	998	(998)	-
Total revenue	-	-	45,213	998	(998)	44,943
<b>Segment profit/(loss)</b>	(645)	(328)	305	(83)	-	(751)
<b>Tax expense</b>						(409)
<b>Profit for the period</b>						(1,160)



## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

1 January 2023 to 31 December 2023

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>						
Sales to external customers	-	-	104,846	-	-	104,846
Inter-segment sales	-	-	-	3,385	(3,385)	-
<b>Total revenue</b>	-	-	104,846	3,385	(3,385)	104,846
<b>Segment (loss)/profit</b>	(166)	(906)	6,495	1,940	-	7,363
Tax expense						(2,165)
<b>Profit for the financial year</b>						5,198

1 January 2022 to 31 December 2022

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Segment revenue</b>						
Sales to external customers	-	-	76,457	-	-	76,457
Inter-segment sales	-	-	-	1,898	(1,898)	-
<b>Total revenue</b>	-	-	76,457	1,898	(1,898)	76,457
<b>Segment (loss)/profit</b>	(813)	(521)	3,973	175	-	2,814
Tax credit						(1,093)
<b>Profit for the financial year</b>						1,721

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### 4.2 Geographical information (excluding non-current trade receivables)

	Revenues		Non-current assets	
	6 months ended 31 December 2023 \$'000	12 months ended 31 December 2023 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Singapore	54,269	104,846	61,958	46,793
The People's Republic of China	-	-	1,015	1,103
Malaysia	-	-	15,058	30,229
<b>Total</b>	<b>54,269</b>	<b>104,846</b>	<b>78,031</b>	<b>78,125</b>

  

	6 months ended 31 December 2022 \$'000	12 months ended 31 December 2022 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
	Singapore	45,213	76,457	46,793
The People's Republic of China	-	-	1,103	1,219
Malaysia	-	-	30,229	30,598
<b>Total</b>	<b>45,213</b>	<b>76,457</b>	<b>78,125</b>	<b>79,908</b>

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities held by the Group as at 31 December 2023 and 31 December 2022:

	The Group		The Company	
	31 December 2023 \$	31 December 2022 \$	31 December 2023 \$	31 December 2022 \$
<b>Financial assets</b>				
Contract assets	1,164	3,897	3,385	1,898
Financial assets at fair value through other comprehensive income	9	10	9	10
<b>Financial liabilities</b>				
Contract liabilities	914	7,620	-	-

The Group receives payments from customers based on a billing schedule, as established in contracts. In this case, the Group's 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 Group's contract assets also include advance payments made to suppliers. The Company's contract assets relate to management service performed but not billed to subsidiaries 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.

Fair value measurements for financial assets and financial liabilities are explained in note 10.

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### 6. Profit before taxation

#### 6.1. Significant items

	The Group			
	6 months ended 31 December 2023 \$'000	6 months ended 31 December 2022 \$'000	12 months Ended 31 December 2023 \$'000	12 months ended 31 December 2022 \$'000
	<b>Income</b>			
Fair value gain on investment properties	640	224	640	224
Gain on disposal of property, plant and equipment	156	529	40	820
Gain on termination of lease	-	-	-	19
Government grant income	38	42	71	409
Rental income	960	1,053	1,159	1,401
Sales of scrap materials	243	139	433	498
Sundry income	581	456	1,048	609
<b>Expenses</b>				
Auditors' remuneration	102	81	181	160
Depreciation of property, plant and equipment	2,646	2,806	6,153	6,904
Directors' fees	146	84	230	174
Loss on foreign exchange	553	235	1,385	2,407
Net impairment loss on trade receivables	2,371	2,280	4,539	3,604
Staff costs	7,695	4,254	12,597	10,944

#### 6.2. Related party transactions

There were no material related party transactions apart from those disclosed elsewhere.

### 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense/(credit) in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 December 2023 \$'000	6 months ended 31 December 2022 \$'000	12 months ended 31 December 2023 \$'000	12 months ended 31 December 2022 \$'000	
	<b>Income tax</b>				
	- current year	1,778	193	2,208	885
- under provision in respect of prior years	(6)	63	(6)	62	
	<b>1,772</b>	<b>256</b>	<b>2,202</b>	<b>947</b>	
<b>Deferred income tax</b>					
- current year	(3)	153	(37)	146	
- Recognition of deferred taxation in respect of prior years	-	-	-	-	
	<b>(3)</b>	<b>153</b>	<b>(37)</b>	<b>146</b>	
	<b>1,769</b>	<b>409</b>	<b>2,165</b>	<b>1,093</b>	

**8. Dividend**

No dividend has been declared or recommended for the financial year ended 31 December 2023 (31 December 2022: nil).

As can be seen from the statements of financial position as at 31 December 2023 under Note B, although the Group had accumulated profits of \$9.4 million, the Company had accumulated losses of \$20.9 million. The Board had considered this, and furthermore of the view that while the Group was profitable for the financial year ended 31 December 2023, the Group's earnings and cash flow position were not strong enough to declare dividends at this point of time. This is prudent given that the Group faces cost pressures for staff costs, raw materials costs and finance costs.

The Board always seeks to increase shareholders' returns, and it plans to declare dividends in future at an appropriate time when the Group's earnings and cash flow position are more stable, and the accumulated losses at Company level turn to accumulated profits.

**9. Net Asset Value**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net asset value per ordinary share	<b>1.33</b>	1.25	<b>0.91</b>	0.85

**10. 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.

**11. Property, plant and equipment**

During the twelve months ended 31 December 2023, the Group acquired assets amounting to \$3.6 million (31 December 2022: \$6.7 million) and disposed of assets amounting to \$0.6 million (31 December 2022: \$5.8 million).

**12. Investment properties**

The Group's investment properties consist of both industrial, residential and commercial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

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

<b>Property type</b>	<b>Tenure</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
Commercial	70 years from 1993	<b>1,015</b>	1,103
Industrial	Freehold	<b>34,762</b>	34,162
Residential	Freehold	<b>5,680</b>	5,640
		<b>41,457</b>	40,905

**12.1 Valuation**

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the property's highest and best use. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the management and the independent valuer annually.

The last valuation of each investment property was conducted as at 31 December 2023.

**13. Borrowings**

	The Group		The Company	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<u>Amount repayable within one year, or on demand</u>				
Secured	26,040	54,828	337	184
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Secured	28,995	6,164	66	259
Unsecured	-	-	-	-

**Details of collaterals**

Secured borrowings are collateralised by:

- (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 have been given by the Company to secure borrowings of certain subsidiary companies.

**14. Share capital**

During the financial year under review, there was no change in the Company's share capital. The total number of issued shares as at 31 December 2023 was 52,066,937 shares (31 December 2022: 52,066,937 shares).

The Company did not hold any treasury shares nor share options as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

**15. Subsequent events**

There were no known subsequent events which have led to adjustments to this set of interim financial statements.

**OTHER INFORMATION**

**16. Review**

The condensed consolidated statement of financial position of Hor Kew Corporation Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month and twelve-month periods then ended and certain explanatory notes have not been audited or reviewed.

**17. Review of performance of the Group**

Statement of comprehensive income

The Group generated revenue of \$54.3 million for the six months ended 31 December 2023 ("2H2023") compared to \$45.2 million for the six months ended 31 December 2022 (2H2022), an increase of \$9.1 million. The increase was mainly due to higher deliveries of prefabricated building components. The Group's revenue of \$104.8 million for the financial year ended 31 December 2023 ("FY2023") represented an increase of \$28.3 million over revenue of \$76.5 million for the financial year ended 31 December 2022 ("FY2022"). This increase was due to higher delivery volumes in FY2023 from stronger order books.

The Group recorded a higher gross profit of \$13.2 million in 2H2023 compared to \$5.9 million in 2H2022, mainly due to higher revenue and higher profit margins for those projects delivered in 2H2023. The Group also recorded a higher gross profit of \$22.8 million in FY2023 compared to \$15.9 million in FY2022, mainly due to higher revenue and higher profit margins for those projects delivered in FY2023. The Group's gross profit margin increased from 20.8% in FY2022 to 21.8% in FY2023 mainly because of better tender prices.

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

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Interest income from fixed deposits was \$342,000 in 2H2023 compared to \$194,000 in 2H2022 due to higher interest rates. Similarly, the Group earned a higher interest income from fixed deposits of \$630,000 in FY2023 compared to \$253,000 in FY2022 mainly due to higher interest rates.

The Group's other income increased slightly by \$0.2 million from 2H2022 to 2H2023 mainly due to \$0.1 million increase in sales of scrap materials. Other income decreased \$0.6 million from \$4.0 million in FY2022 to \$3.4 million in FY2023, mainly due to \$0.8 fall in gain on disposal of property, plant and equipment partly offset by \$0.4 million increase in fair value gain on investment properties.

General and administrative expenses increased \$0.4 million from \$6.7 million in 2H2022 to \$7.1 million in 2H2023, mainly due to increase in loss on foreign exchange of \$0.4 million. General and administrative expenses increased \$0.2 million from \$12.0 million in FY2022 to \$12.2 million in FY2023, mainly due to increase in staff costs of \$1.6 million offset by decreases in loss on foreign exchange of \$1.0 million and in depreciation of \$0.5 million.

Finance costs increased from \$1.2 million in 2H2022 to \$1.4 million in 2H2023, and from \$1.8 million in FY2022 to \$2.8 million in FY2023, mainly due to interest rate hikes.

The Group had higher net impairment losses on financial and contract assets of \$2.4 million in 2H2023 compared to \$1.3 million in 2H2022 mainly due to higher revenue and after review of expected credit losses for trade receivables. For FY2023, the net impairment losses on financial and contract assets were \$4.5 million, which was higher than that of \$3.6 million for FY2022, after review of expected credit losses for trade receivables, mainly due to higher revenue.

The Group recorded a profit before tax of \$5.3 million in 2H2023 and \$7.4 million in FY2023 (Profit before tax of \$0.1 million for 2H2022 and \$2.8 million for FY2022).

The Group provided tax expense of \$1.8 million in 2H2023 and \$2.2 million in FY2023 after taking into consideration of available tax allowances and reliefs, and under-provision of income tax in prior years (tax expense of \$0.4 million in 2H2022 and \$1.1 million in FY2022).

Profit after tax of the Group for FY2023 was \$5.2 million (FY2022: profit after tax of \$1.7 million).

The Group had a comprehensive loss from unfavourable currency movements in foreign subsidiaries in 2H2023 of \$0.2 million and FY2023 of \$1.0 million, compared to a comprehensive loss of \$0.5 million in 2H2022 and \$0.8 million in FY2022.

The Group reported total comprehensive income of \$3.3 million in 2H2023 and \$4.2 million in FY2023 (2H2022: total comprehensive income of \$1.6 million and FY2022: total comprehensive income of \$0.9 million).

### Statement of financial position

Total non-current assets remained roughly same at \$82.4 million as at 31 December 2023 and 31 December 2022. There was \$3.8 million increase in non-current trade receivables being retention sums receivable from customers for projects due to higher volume of completed projects during the year. Property, plant and equipment fell \$4.4 million from 31 December 2022 mainly due to depreciation and disposals. Investment properties increased by \$0.6 million from 31 December 2022 due to fair value gains. Other non-current receivables of \$138,000 as at 31 December 2023 and 31 December 2022 pertained to long term receivable for an insurance policy.

Current assets of the Group decreased by \$12.8 million from 31 December 2022 to 31 December 2023, mainly due to \$9.4 million decrease in current trade receivables from efforts in collections. Inventories decreased \$2.6 million due to tighter inventory management and contract assets fell \$2.7 million due to lower advance payments to suppliers. Cash and cash equivalents increased by \$2.9 million mainly due to trade collections being in excess of payments.

In accordance with Financial Reporting Standards, the Group used a provision matrix to estimate the expected credit loss ("ECL") allowance required for its trade receivables as at 31 December 2023. Based on the matrix, the Group estimated the ECL rates based on historical observed default rates, and then adjusted these rates based on forward-looking factors specific to the debtors and economic environment. Retention sums under non-current trade receivables were also impaired where needed. Using this methodology, the Group was required to top up its ECL allowance as at 31 December 2023 by \$4.5 million, such that total impairment loss on trade receivables of \$21.5 million was provided for the financial period ended 31 December 2023.

## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

Below shows the ageing profile of the Group's current and non-current trade receivables as at 31 December 2023, in bands of 3 months:

	Not yet due \$'000	1 to 3 months \$'000	4 to 6 months \$'000	7 to 9 months \$'000	10 to 12 months \$'000	>12 months \$'000	Total \$'000
Current trade receivables	18,298	2,985	1,695	841	3,793	14,774	42,387
Non-current trade receivables (retention sums not due within next twelve months)	-	-	-	-	-	7,468	7,468
Impairment loss on trade receivables	(536)	(153)	(202)	(31)	(2,389)	(18,191)	(21,503)
	<b>17,762</b>	<b>2,832</b>	<b>1,493</b>	<b>810</b>	<b>1,404</b>	<b>4,051</b>	<b>28,352</b>

The Board had assessed this impairment loss on trade receivables of \$21.5 million to be adequate for the financial period ended 31 December 2023, and that the total current and non-current trade receivables after impairment of \$28.4 million as at 31 December 2023 to be recoverable.

Total assets of the Group decreased \$12.8 million, from \$169.4 million as at 31 December 2022 to \$156.6 million as at 31 December 2023.

Current trade and other payables decreased by \$4.5 million mainly due to timely settlement of supplier invoices. Contract liabilities decreased by \$6.7 million from 31 December 2022 due to decrease in advance collections from customers.

Non-current borrowings increased by \$22.8 million whilst current borrowings decreased by \$28.8 million mainly because a \$25.0 million term loan that was refinanced in the year 2023 was classified under current borrowings in FY2022, but under non-current borrowings in FY2023. Total current and non-current borrowings decreased by \$6.0 million mainly due to repayment of loans.

As a result of the above, total current liabilities of the Group decreased \$39.9 million, from \$96.2 million as at 31 December 2022 to \$56.3 million as at 31 December 2023. The above also led to total non-current liabilities of the Group increasing \$22.9 million, from \$8.0 million as at 31 December 2022 to \$30.9 million as at 31 December 2023.

Total liabilities of the Group decreased by \$17.1 million from 31 December 2022 and stood at \$87.2 million as at 31 December 2023.

Shareholders' equity of the Group increased by \$4.2 million and recorded at \$65.4 million as at 31 December 2023, due to the comprehensive income of \$4.2 million for FY2023.

### **Statement of cash flows**

The Group generated \$15.7 million in its operating activities in FY2023 mainly due to increased revenue and better profits.

It used \$2.9 million in its investing activities mainly due to purchase of property, plant and equipment.

It used \$8.4 million in its financing activities in FY2023 mainly for repayments of borrowings and interest payments.

Overall, the Group's cash decreased by \$4.4 million in FY2023, and the cash and cash equivalents stood at \$7.6 million as at 31 December 2023.

### **18. 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 of the Group's previous results announcement (2023 first half financial statements announcement) released on 14 August 2023.

### **19. 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 operating period and the next 12 months.**

The demand in the Singapore construction industry was strong in FY2023 and is expected to continue in the coming year. The Group shall continue to manage its material and manpower costs to maintain its profitability. Interest rates had peaked and are expected to be reduced in the coming financial year, which shall reduce finance costs of the Group. The Group will continue to tender for projects that are expected to yield reasonable profit margins.

### **20. Interested person transactions**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

There were no interested person transactions for the six-month period and full year ended 31 December 2023.

The Group had in its previous 1H2023 results announcement provided an update under interested person transactions section for the trade receivable of subsidiary company Prefab Technology 3 Pte Ltd ("PFT3") disputed by related party Triton Metal Supplies Pte Ltd ("Triton"). Further updates to the case are hereby provided.

PFT3 had issued a legal demand letter to Triton in July 2023, and Triton responded in defence to the legal demand letter via its lawyers. PFT3's lawyers subsequently submitted the claim against Triton to the Singapore High Court. Triton engaged lawyers to contest PFT3's claim on premises of various defects yet to be rectified by PFT3 in the Mandai depot project, and counterclaimed against PFT3. After further legal claims by PFT3 and defence by Triton failed to produce any consensus between the two parties, PFT3 brought the case to a hearing in the High Court in December 2023 but unfortunately the High Court ruled in Triton's favour. The Management has no intention of appealing against the High Court's judgement as it is of the view that the chance of winning an appeal is low.

### **21. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.



## HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

### 22. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, Hor Kew Corporation Limited confirms that these are the following persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company:

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	64	<ol style="list-style-type: none"> <li>Sister of Aw Soon Hwee (Substantial Shareholder of the Company/Director of principal subsidiaries)</li> <li>Aunt of Aw Chi-Ken (Executive Chairman and CEO of the Company)</li> <li>Aunt of Aw Ying Ying (Executive Director of the Company)</li> <li>Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company.</li> </ol>	<p>Group Human Resource Director of the Company since December 2001.</p> <p>Also oversees the Information Technology and Administration of the Group as well as facilities management of the investment property in Singapore.</p>	N.A.
Aw Soon Hwee	66	<ol style="list-style-type: none"> <li>Uncle of Benjamin Aw Chi-Ken (Executive Chairman and CEO of the Company)</li> <li>Uncle of Elicia Aw Ying Ying (Executive Director of the Company)</li> <li>Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company.</li> </ol>	Director of various principal subsidiaries in the Group.	N.A.
Aw Hong Hwee	69	<ol style="list-style-type: none"> <li>Brother of Aw Soon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries)</li> <li>Uncle of Benjamin Aw Chi-Ken (Executive Chairman and CEO of the Company)</li> <li>Uncle of Elicia Aw Ying Ying (Executive Director of the Company)</li> <li>Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company.</li> </ol>	<p>Business Development Director of Hor Kew Pte Ltd since December 2001.</p> <p>Responsible for business development.</p>	N.A.
Aw Yue Ying	31	<ol style="list-style-type: none"> <li>Sister of Benjamin Aw Chi-Ken (Executive Chairman and CEO of the Company)</li> <li>Sister of Elicia Aw Ying Ying (Executive Director of the Company)</li> <li>Niece of Aw Soon Hwee (Substantial Shareholder of the Company/Director of principal subsidiaries)</li> </ol>	<p>Executive Manager since Jan 2022.</p> <p>Responsible for operational checks and cost monitoring for the prefabrication segment.</p>	N.A.

**HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES**

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**BY ORDER OF THE BOARD**

**MS CHNG THIAN HOOI**  
**COMPANY SECRETARY**  
29 February 2024

**Confirmation by the Board**

Pursuant to Rule 705(5) of the Listing Manual, on behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period and full year ended 31 December 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**MR BENJAMIN AW CHI-KEN**  
**EXECUTIVE CHAIRMAN AND CEO**

**MS ELICIA AW YING YING**  
**EXECUTIVE DIRECTOR**

Singapore  
29 February 2024