



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

Unaudited financial statements

For the six months and full year ended 31 December 2021

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HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

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

		The Group			
		6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
	Note				
Revenue	4	26,700	33,569	55,916	49,710
Cost of sales	6	(20,465)	(23,923)	(43,766)	(39,779)
Gross profit		6,235	9,646	12,150	9,931
Interest income from fixed deposits		78	75	147	230
Other income	6	3,338	4,119	4,916	6,018
Expenses					
General and administrative expenses	6	(5,120)	(4,066)	(8,870)	(8,130)
Finance costs		(609)	(718)	(1,307)	(1,772)
Net impairment losses on financial and contract assets	6	(2,078)	(5,904)	(2,638)	(5,904)
Profit before taxation		1,799	3,152	4,398	373
Tax expense	7	(620)	(51)	(616)	(41)
Profit for the financial period		1,179	3,101	3,782	332
Other comprehensive income/(loss):					
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Currency translation differences arising from consolidation		4	113	(190)	21
<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		-	-	(1)	-
Other comprehensive income/(loss) for the financial period, net of tax		4	113	(191)	21
Total comprehensive income for the financial period		1,183	3,214	3,591	353
Earnings per share					
Basic (SGD in cents)		2.26	5.96	7.26	0.64
Diluted (SGD in cents)		2.26	5.96	7.26	0.64

NM Not meaningful

HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Non-current assets					
Property, plant and equipment	11	39,969	42,997	11	59
Investment properties	12	40,681	40,125	-	-
Investment in subsidiary companies		-	-	48,383	48,383
Trade receivables		8,605	6,105	-	-
Other receivables		564	-	-	-
Total non-current assets		89,819	89,227	48,394	48,442
Current assets					
Development properties		18,652	18,934	-	-
Inventories		9,345	9,448	-	-
Trade receivables		17,173	15,456	-	-
Other receivables		960	1,355	13,379	11,660
Loan to a third party		-	931	-	-
Contract assets	5	-	263	1,568	1,367
Financial assets at fair value through other comprehensive income	10	12	18	10	16
Cash and cash equivalents		25,562	29,398	133	4
Total current assets		71,704	75,803	15,090	13,047
Total assets		161,523	165,030	63,484	61,489
Non-current liabilities					
Borrowings	13	5,571	8,435	-	-
Deferred tax liabilities		2,209	2,161	-	-
Total non-current liabilities		7,780	10,596	-	-
Current liabilities					
Trade payables		21,283	22,587	-	-
Other payables		3,805	3,933	39,024	37,046
Contract liabilities	5	3,727	1,942	-	-
Borrowings	13	59,857	64,852	6	30
Provisions		178	73	-	-
Derivative financial instruments	10	-	383	-	-
Tax payables		851	213	68	68
Total current liabilities		89,701	93,983	39,097	37,144
Total liabilities		97,481	104,579	39,097	37,144
Net assets		64,042	60,451	24,387	24,345
Equity					
Share capital	14	68,323	68,323	68,323	68,323
Other reserves		(6,531)	(6,340)	(2)	3
Accumulated profits/(losses)		2,250	(1,532)	(43,934)	(43,981)
Total equity		64,042	60,451	24,387	24,345

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C. Condensed interim statements of changes in equity

The Group	Share capital \$'000	Other reserves \$'000	Accumulated (losses)/profits \$'000	Total equity \$'000
Balance at 1 January 2021	68,323	(6,340)	(1,532)	60,451
Profit for the financial year	-	-	3,782	3,782
Other comprehensive loss, net of tax:				
Currency translation differences arising from consolidation	-	(190)	-	(190)
Fair value loss on financial assets at fair value through other comprehensive income	-	(1)	-	(1)
Other comprehensive loss for the financial year	-	(191)	-	(191)
Total comprehensive (loss)/income for the financial year	-	(191)	3,782	3,591
Balance at 31 December 2021	68,323	(6,531)	2,250	64,042
Balance at 1 January 2020	68,323	(6,361)	(1,864)	60,098
Profit for the financial year	-	-	332	332
Other comprehensive income, net of tax:				
Currency translation differences arising from consolidation	-	21	-	21
Total comprehensive income for the financial year	-	21	332	353
Balance at 31 December 2020	68,323	(6,340)	(1,532)	60,451
The Company	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2021	68,323	3	(43,981)	24,345
Total comprehensive loss for the financial year	-	(5)	47	42
Balance at 31 December 2021	68,323	(2)	(43,934)	24,387
Balance at 1 January 2020	68,323	3	(43,741)	24,585
Total comprehensive loss for the financial year	-	-	(240)	(240)
Balance at 31 December 2020	68,323	3	(43,981)	24,345

D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Cash flows from operating activities:		
Profit before tax	4,398	373
Adjustments for:		
Bad debts written off	12	-
Depreciation of property, plant and equipment	6,127	5,591
Fair value (gain)/loss on derivative financial instruments	(383)	108
Fair value gain on investment properties	(555)	(136)
Gain on disposal of property, plant and equipment	(144)	(61)
Interest expense	1,307	1,772
Interest income from fixed deposits	(147)	(230)
Unrealised gain on foreign exchange	(174)	(1,666)
Operating cash flows before working capital changes	10,441	5,751
Changes in operating assets and liabilities:		
Inventories	103	(449)
Receivables	(4,621)	6,837
Contract assets	263	(69)
Contract liabilities	1,785	(1,875)
Payables	(699)	(6,172)
Currency translation adjustments	(224)	(6)
Cash used in operations	7,048	4,017
Income tax refunded	7	7
Net cash generated from operating activities	7,055	4,024
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	172	75
Purchase of property, plant and equipment	(2,504)	(3,321)
Repayment of loan from a third party	931	387
Net cash used in investing activities	(1,401)	(2,859)
Cash flows from financing activities:		
Drawdown of borrowings	6,379	4,530
Interest paid	(1,224)	(1,687)
Repayment of lease liabilities	(83)	(83)
Repayment of borrowings	(14,743)	(4,252)
Decrease of fixed deposits pledged	6,699	1,030
Net cash used in financing activities	(2,972)	(462)
Net increase in cash and cash equivalents	2,682	703
Cash and cash equivalents at beginning of financial period	2,703	1,998
Effect of exchange rate changes on cash and cash equivalents	(43)	2
Cash and cash equivalents at end of financial year	5,342	2,703
Cash and cash equivalents are represented by:		
Cash and cash equivalents on the consolidated statement of financial position	25,562	27,398
Fixed deposits pledged	(20,220)	(26,695)
Cash and cash equivalents per consolidated statement of cash flows	5,342	2,703

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 ended 30 June 2021 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 2021 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 2021.

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 2020.

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.

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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 2021 to 31 December 2021

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	26,700	-	-	26,700
Inter-segment sales	-	-	-	1,568	(1,568)	-
Total revenue	-	-	26,700	1,568	(1,568)	26,700
Segment profit/(loss)	586	933	(83)	682	(319)	1,799
Tax expense						(620)
Profit for the period						1,179

1 July 2020 to 31 December 2020

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	33,569	-	-	33,569
Inter-segment sales	-	-	-	1,367	(1,367)	-
Total revenue	-	-	33,569	1,367	(1,367)	33,569
Segment profit/(loss)	1,310	(108)	1,486	703	(239)	3,152
Tax expense						(51)
Profit for the period						3,101

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1 January 2021 to 31 December 2021

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	55,916	-	-	55,916
Inter-segment sales	-	-	-	1,568	(1,568)	-
Total revenue	-	-	55,916	1,568	(1,568)	55,916
Segment profit	641	866	2,846	45	-	4,398
Tax expense						(616)
Profit for the financial year						3,782
Segment assets	76,338	4,902	71,546	8,737	-	161,523
Segment liabilities	25,644	17,853	51,356	1,938	-	96,791
Unallocated liabilities						690
Total liabilities						97,481

1 January 2020 to 31 December 2020

	Property investment and development \$'000	Construction \$'000	Prefabrication \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue						
Sales to external customers	-	-	49,710	-	-	49,710
Inter-segment sales	-	-	-	1,367	(1,367)	-
Total revenue	-	-	49,710	1,367	(1,367)	49,710
Segment profit/(loss)	1,520	(512)	(413)	(222)	-	373
Tax expense						(41)
Profit for the financial year						332
Segment assets	83,178	4,294	68,377	9,181	-	165,030
Segment liabilities	25,861	29,743	45,552	1,049	-	104,579
Unallocated liabilities						2,374
Total liabilities						104,579

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4.2 Geographical information (excluding non-current trade receivables)

	Revenues		Non-current assets	
	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2021 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Singapore	26,700	55,916	64,247	60,821
The People's Republic of China	-	-	1,219	1,163
Malaysia	-	-	15,748	21,138
Total	26,700	55,916	81,214	83,122

	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2020 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
	Singapore	33,569	49,710	60,821
The People's Republic of China	-	-	1,163	1,027
Malaysia	-	-	21,138	20,686
Total	33,569	49,710	83,122	82,905

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 2021 and 31 December 2020:

	The Group		The Company	
	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$
Financial assets				
Contract assets	-	263	1,568	1,367
Financial assets at fair value through other comprehensive income	11	18	11	16
Financial liabilities				
Contract liabilities	3,727	1,942	-	-
Derivative financial instruments	-	383	-	-

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.

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6. Profit before taxation

6.1. Significant items

	The Group			
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2021 \$'000	12 months Ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Income				
Fair value gain on investment properties	555	136	555	136
Foreign exchange gain	-	1,159	-	1,630
Government grant income	175	1,978	399	1,978
Rental income	750	550	1,539	1,021
Sales of scrap metal	94	130	349	269
Reversal of cost accruals	1,166	-	1,166	-
Expenses				
Impairment loss on trade receivables	2,078	560	2,638	5,904
Depreciation of property, plant and equipment	3,448	2,852	6,300	5,590
Directors' fees	48	47	98	94
Fair value (gain)/loss on derivative financial instruments	-	-	(383)	108
Foreign exchange loss	213	-	383	-
Staff costs	4,224	3,639	7,863	8,738

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 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Income tax expense (current year)	633	(12)	646	(8)
Income tax credit (overprovision in respect of prior years)	-	201	(4)	201
Deferred tax credit (current year)	(13)	(138)	(26)	(152)
	620	51	616	41

8. Dividend

No dividend has been declared or recommended for the financial year ended 31 December 2021 (31 December 2020: nil).

9. Net Asset Value

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$
Net asset value per ordinary share	1.23	1.16	0.47	0.47

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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.

10.1 Fair value measurement of derivative financial instruments

The Group's fair value of interest rate swap contract was provided by a reputable financial institution, which was calculated as the present value of the estimated future cash flows based on observable yield curves. This interest rate swap contract had expired during the year so its fair value as at 31 December 2021 was nil (31 December 2020: \$383,000).

Gain in the fair value of non-hedging interest rate swap contract amounting to \$383,000 had been recognised in profit or loss for the financial year ended 31 December 2021 (31 December 2020: loss of \$108,000).

11. Property, plant and equipment

During the twelve months ended 31 December 2021, the Group acquired assets amounting to \$4.1 million (31 December 2020: \$5.7 million) and disposed of assets amounting to \$0.2 million (31 December 2020: \$0.2 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:

Property type	Tenure	31 December 2021	31 December 2020
		\$'000	\$'000
Commercial	70 years from 1993	1,219	1,163
Industrial	Freehold	34,162	33,662
Residential	Freehold	5,300	5,300
		40,625	40,125

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 2021.

13. Borrowings

	The Group		The Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<u>Amount repayable within one year, or on demand</u>				
Secured	59,857	64,852	-	-
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Secured	5,571	8,435	-	-
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 2021 was 52,066,937 shares (31 December 2020: 52,066,937 shares).

The Company did not hold any treasury shares nor share options as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

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 2021 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 \$26.7 million for the six months ended 31 December 2021 ("2H2021") compared to \$33.6 million for the six months ended 31 December 2020 (2H2020), a drop of \$6.9 million. The decrease was mainly due to ramp up in deliveries towards year end of 2020 to catch up for lost time due to the low deliveries during the circuit breaker period in Singapore and also subsequent months due to various measures implemented in the local construction industry to contain the spread of COVID-19. However, the Group's revenue of \$55.9 million for the financial year ended 31 December 2021 ("FY2021") represented an increase of \$6.2 million over revenue of \$49.7 million for the financial year ended 31 December 2020 ("FY2020"). This increase was due to extreme low sales levels in several months of FY2020 and also higher deliveries in FY2021 due to stronger order books.

The Group recorded a lower gross profit of \$6.2 million in 2H2021 compared to \$9.6 million in 2H2020, mainly due to lower revenue in 2H2021 compared to 2H2020 as explained above. However, the Group recorded a higher gross profit of \$12.1 million in FY2021 compared to \$9.9 million in FY2020, due to combined effects of higher revenue in FY2021 and better profit margins of newer projects which led to lower costs per project in FY2021. The Group's gross profit margin improved from 19.9% in FY2020 to 21.8% in FY2021.

Interest income from fixed deposits was almost same for 2H2021 compared to 2H2020. The Group earned a lower interest income from fixed deposits of \$147,000 in FY2021 compared to \$230,000 in FY2020 mainly due to decline in interest rates.

Other income of the Group decreased from \$4.1 million in 2H2020 to \$3.3 million in 2H2021 mainly due to foreign exchange gain of \$1.2 million in 2H2020 but a foreign exchange loss of \$0.2 million in 2H2021. Similarly, other income of the Group decreased from \$6.0 million in FY2020 to \$4.9 million in FY2021, mainly due to foreign exchange gain of \$1.6 million in FY2020 but a foreign exchange loss of \$0.4 million in FY2021.

General and administrative expenses increased from \$4.1 million in 2H2020 to \$5.1 million in FY2021, mainly due to increase in depreciation costs of \$0.5 million. Similarly, general and administrative expenses increased from \$8.1 million in FY2020 to \$8.9 million in FY2021, mainly due to increase in depreciation costs of \$0.7 million.

Finance costs decreased from \$0.7 million in 2H2020 to \$0.6 million in 2H2021 mainly due to reduction in the Group's borrowings via repayments. Similarly, finance costs decreased from \$1.8 million in FY2020 to \$1.3 million in FY2021 mainly due to reduction in the Group's borrowings via repayments.

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The Group had lower net impairment losses on financial and contract assets of \$2.1 million in 2H2021 and \$2.6 million in FY2021, compared to \$5.9 million in 2H2021 and FY2020, mainly due to improvement in credit control.

The Group recorded a profit before tax of \$4.4 million in FY2021 (FY2020: profit before tax of \$0.4 million).

The Group provided tax expense of \$0.6 million in 2H2021 and for FY2021 after taking into consideration of available tax allowances and reliefs, and over-provision of income tax in prior years. (2H2020: tax expense of \$51,000 and FY2020: tax expense of \$41,000).

Profit after tax of the Group for FY2021 was \$3.8 million (FY2020: profit after tax of \$0.3 million).

The Group had a comprehensive loss of \$190,000 from favourable currency movements in foreign subsidiaries compared to a comprehensive income of \$21,000 in FY2020.

The Group reported total comprehensive income of \$3.6 million in FY2021 (FY2020: total comprehensive income of \$0.4 million).

Statement of financial position

Total non-current assets increased by \$0.6 million. There was \$2.5 million increase in non-current trade receivables being retention sums receivable from customers for projects. Property, plant and equipment fell \$3.0 million from 31 December 2020 mainly due to depreciation costs. Investment properties increased by \$0.5 million as at 31 December 2021 due to valuation gains. Other receivables as at 31 December 2021 pertained to long term receivable for an insurance policy taken up during the financial year.

Current assets of the Group decreased by \$4.1 million from 31 December 2020 to 31 December 2021, mainly due to reduction of \$3.8 million in cash and cash equivalents. Trade receivables increased by \$1.7 million mainly due to higher revenue but were offset by decreases of \$1.6 million in other receivables, loan to a third party and contract assets.

Total assets of the Group decreased \$3.5 million, from \$165.0 million as at 31 December 2020 to \$161.1 million as at 31 December 2021.

Trade and other payables decreased by \$1.3 million mainly due to more timely settlement of payables from better cash flow liquidity that was brought about by higher profits. Total borrowings decreased by \$7.8 million mainly due to repayment of loans. Contract liabilities increased by \$1.8 million from 31 December 2020.

Total liabilities of the Group decreased by \$7.1 million from 31 December 2020 and stood at \$97.5 million as at 31 December 2021.

Shareholders' equity of the Group increased by \$3.5 million and recorded at \$64.0 million as at 31 December 2021. The increase was mainly due to profit after tax of \$3.8 million for the year.

Statement of cash flows

The Group generated \$7.1 million in its operating activities in FY2021.

It used \$1.4 million in its investing activities and \$3.0 million in its financing activities in FY2021.

Overall, the Group's cash increased by \$2.7 million in FY2021, and the cash and cash equivalents stood at \$5.4 million as at 31 December 2021.

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 (2021 first half financial statements announcement) released on 13 August 2021.

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 level of activities in the Singapore construction sector is expected to resume to pre-COVID-19 levels but remains vulnerable and we foresee certain challenges for our Group. If a new variant of COVID-19 emerges, resumption of restrictions imposed at our production plants and construction sites might negatively impact the Group's production volumes and deliveries. The industry also faces manpower crunch for foreign labour, as well as rising inflation that might erode business margins. The Group will closely monitor its financial results, customer collections and cash flow position, and timely carry out necessary improvements or corrective actions.

HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

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 2021.

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.

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	62	<ol style="list-style-type: none"> 1. Sister of Aw Khoon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries) 2. Sister of Aw Soon Hwee (Substantial Shareholder of the Company/Director of principal subsidiaries) 3. Aunt of Aw Chi-Ken (Executive Chairman & CEO of the Company) 4. Aunt of Aw Ying Ying (Executive Director of the Company) 5. Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company. 	<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	64	<ol style="list-style-type: none"> 1. Brother of Aw Khoon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries) 2. Uncle of Aw Chi-Ken (Executive Chairman & CEO of the Company) 3. Uncle of Aw Ying Ying (Executive Director of the Company) 4. Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company. 	Director of various principal subsidiaries in the Group.	N.A.

HOR KEW CORPORATION LIMITED AND ITS SUBSIDIARIES

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 Hong Hwee	67	<ol style="list-style-type: none"> 1. Brother of Aw Khoon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries) 2. Brother of Aw Soon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries) 3. Uncle of Aw Chi-Ken (Executive Chairman & CEO of the Company) 4. Uncle of Aw Ying Ying (Executive Director of the Company) 5. Shareholder of Hor Kew Holdings Pte Ltd, a substantial shareholder of the Company. 	Business Development Director of Hor Kew Pte Ltd since December 2001. Responsible for business development.	N.A.
Aw Yue Ying	29	<ol style="list-style-type: none"> 1. Sister of Aw Chi-Ken (Executive Chairman & CEO of the Company) 2. Sister of Aw Ying Ying (Executive Director of the Company) 3. Niece of Aw Khoon Hwee (Substantial shareholder of the Company/Director of principal subsidiaries) 4. Niece of Aw Soon Hwee (Substantial Shareholder of the Company/Director of principal subsidiaries) 	Internal Audit Manager since January 2021. Responsible for operational checks and cost monitoring for the prefabrication segment.	Promoted from Quality Management Representative to Internal Audit Manager in January 2021.

BY ORDER OF THE BOARD

MS KOH EE KOON
COMPANY SECRETARY
 1 March 2022

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 2021 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

Singapore
 1 March 2022