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

RESPONSE TO SGX QUERIES RECEIVED ON 28 MARCH 2023

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 additional queries received on 28 March 2023 relating to the Group's responses to SGX queries, that were released on 13 March 2023 via SGXNET:-

SGX query:

We refer to Hor Kew Corporation Limited's announcement on 13 March 2023 in relation to its "Response to SGX Queries Received on 9 March 2023". Please find our additional queries below which we require the Company to respond to via an announcement on SGXNET by Thursday, 30 March 2023. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

We note from the Company's response to query 1(c) that Mr Benson Aw Zhixian ("Mr Benson") is the brother of the Company's Chairman/CEO and Executive Director. Mr Benson is also the sole owner and director of Triton Metal Supplies Pte Ltd. The Company had in FY2021 fully impaired the net receivables due from Triton of $1.3 million, which is significant when compared to the Group's net profit for the relevant financial period.

(a) Please disclose the reason(s) for the impairment and whether the Audit Committee's ("AC") had agreed to the impairment. Please also provide the basis for the AC's views.

(b) Please disclose the steps taken by the Company to-date to collect the outstanding receivables due from Triton, the current collection status and whether the AC is monitoring the progress.

(c) Please disclose whether the Company had obtained shareholders' approval for the interested person transactions ("**IPT**") with Triton. Please also disclose whether the IPTs with Triton, when aggregated with other IPTs entered into with the same interested person group, exceed 3% of the audited NTA and require disclosure under Listing Rule 905, or exceed 5% of the audited NTA and require shareholders' approval pursuant to Listing Rule 906. Please substantiate with data.

Company's response:

(a) As mentioned in the Company's response released on SGXNET on 13 March 2023, this $1.3 million impairment loss for net receivable from Triton arose as a result of a Mandai depot project that Prefab Technology 3 Pte Ltd ("**PFT3**") carried out for Triton Metal Supplies Pte. Ltd. ("**Triton**") in the three financial years ended 31 December 2017 ("**FY2017**") to 31 December 2019 ("**FY2019**"). Prior to FY2017, the Group had IPT with Triton of generally much lower values of less than $1 million per each financial year and the receivables were duly collected.

However for this Mandai depot project, PFT3 had disputes with Triton for both its receivable amount of $2.6 million and payable amount of $2.2 million. Due to all these various disputes, PFT3 was unable to collect the net $0.4 million receivable amount from Triton plus this project's retention sum of $0.9 million. Therefore, the total net amount receivable from Triton in PFT3's books including this $0.9 million retention sum was $1.3 million.

Triton disclosed to PFT3 that due to disputes with its customer Amxon Constructors Pte. Ltd. ("**Amxon**") for the same Mandai depot project, it was unable to collect huge receivables amounts from Amxon. Triton claimed that it was facing severe cash flow problems and had difficulties in repaying PFT3 for the $0.4 million net payable amount and the retention sum.

PFT3 assessed that Triton was indeed facing financial difficulties due to heavy losses that Triton appeared to have suffered in its various projects with Amxon, the main one being the Mandai depot project. PFT3 had considered various legal means of recourse such as proceeding with litigation and applying for liquidation of Triton. However, PFT3 was of the view that these avenues might not be productive because even if Triton were to be forced into liquidation, Triton appeared to have minimal assets and therefore there was a slim chance for PFT3 to recover this outstanding $1.3 million net receivable amount.

In accordance with Financial Reporting Standards, PFT3 used a provision matrix to estimate the expected credit loss ("**ECL**") allowance required for its trade receivables. Using this methodology, PFT3 had provided ECL allowance for the full net receivable amount due from Triton of $1.3 million for the financial year ended 31 December 2021 ("**FY2021**"). This $1.3 million full impairment loss for the net receivable amount due from Triton was reviewed by the Group's independent auditor Baker Tilly TFW LLP as part of its assessment for trade receivables for PFT3, and deemed to be reasonable and adequate. The Group continued to provide for full impairment loss on the total net trade receivable due from Triton of $1.3 million in the financial year ended 31 December 2022.

The AC had, under the recommendation of the Management and the Executive Director and out of prudence, agreed with the provision for full impairment loss of the $1.3 million net receivable amount due from Triton. AC had instructed Management to continue to attempt resolving PFT3's disputes with Triton and collect back as much as possible despite this impairment loss provision.

(b) Throughout the duration of the Mandai depot project and after completion of the project, PFT3 had been vigilantly attempting to resolve the various receivable and payable disputes with Triton, led by Executive Director Ms Aw Ying Ying, Elicia, but was largely unsuccessful. Due to all the unresolved disputes, after the Mandai depot project completion in year 2019 up to year 2020, PFT3 was also unable to get Triton to sign the Final Account ("**FA**"), which in construction industry terms refers to the statement which both parties sign off for the final agreed project amounts after project completion. As a result, in FY2021, PFT3 focused on attempting to get Triton to repay as much as possible for this Mandai depot project retention sum of $0.9 million. Triton also co-operated by regularly showing to PFT3 that it was trying hard to resolve its own disputes with Amxon in order to secure the funds to repay PFT3.

In end FY2021, after prolonged constant demands by PFT3 including threats of legal actions, Triton issued a legal demand letter to Amxon to claim $2.1 million for the Mandai depot project. As part of negotiations to settle the matter out of court, Amxon signed a settlement agreement with Triton, whereupon Amxon agreed to repay $1.1 million to Triton in instalments over 24 months. At around the same time, PFT3 was attempting to reach a settlement over the FA with Triton, whereby Triton was supposed to repay $495,000 to PFT3 by instalments over 24 months. PFT3 managed to collect $60,000 from Triton between February 2022 and August 2022 but after that failed to collect any more amounts from Triton. Triton explained that it had stopped repayments to PFT3 as Amxon had stopped the agreed repayments to Triton for their own settlement agreement. Triton subsequently tried to pursue legal recourse against Amxon for not adhering to the payment schedule in their settlement agreement. In February 2023, Triton signed another settlement agreement with Amxon to vary the terms of their previous settlement agreement, whereby Amxon agreed to pay Triton a lump sum $250,000 and another $695,000 by instalments over 48 months. PFT3 is currently trying to monitor the collections of Triton from Amxon under this new settlement agreement, so as to make further claims against Triton.

The Management will provide significant updates to the AC on the collection status of the outstanding receivables due from Triton.

(c) Over the duration of the Mandai depot project which stretched over financial years ended FY2017 to FY2019, the Company had made IPT announcements on SGXNET once the Group's IPT with Triton for that financial year exceeded 3% of the Group audited NTA of the immediate preceding year. In these three financial years, the Company had also disclosed the IPT amounts with Triton in its quarterly results announcements on SGXNET and its annual reports. Therefore, the Company was in compliance with Listing Rule 905.

Below table shows the Group's IPT amounts with Triton and the Group audited NTA extracted from the respective financial years' annual reports, together with the respective financial years' IPT as a percentage of Group audited NTA in the immediate preceding financial year:

	Financial year ended 31 December			
	2016	**2017**	**2018**	**2019**
IPT amount with Triton (in $'000)		4,657	4,209	148
Group audited NTA (in $'000)	94,441	92,779	59,220	
IPT amount with Triton as a percentage of Group audited NTA in the immediate preceding financial year		4.9%	4.5%	0.2%

Based on table above, the IPT values for FY2017 to FY2019 were less than 5% of the Group's audited NTA in the immediate preceding financial year. Under Listing Rule 906, the Company is required to seek shareholders' approval for the IPT if the IPT value is equal to or more than 5% of the Group's latest NTA. Therefore, it was not required for the Company to obtain shareholders' approval pursuant to Listing Rule 906.

BY ORDER OF THE BOARD

MS KOH EE KOON
COMPANY SECRETARY
30 March 2023