

**HONG FOK CORPORATION LIMITED**

(Co. Reg. No. 196700468N)

**First Quarter Financial Statement Announcement for the Period Ended 31 March 2016****PART I INFORMATION REQUIRED FOR 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.**

First quarter financial statement on consolidated results for the period ended 31 March 2016.  
These figures have not been audited.

	The Group		
	\$'000		%
	1st Quarter 2016	1st Quarter 2015	Increase/ (Decrease)
<b>Revenue</b> (Note 1)	14,012	15,632	(10)
Other income	460	330	39
	14,472	15,962	(9)
Depreciation of property, plant and equipment	(123)	(106)	16
Exchange loss, net	(3)	(1)	200
Changes in fair value of held for trading equity securities	(58)	(4)	1,350
Impairment loss on trade and other receivables and bad debts written off, net	(8)	-	NM
Other expenses	(9,987)	(10,298)	(3)
	4,293	5,553	(23)
Finance expense	(5,771)	(4,874)	18
	(1,478)	679	NM
Share of results of associate and joint venture, net of tax	(1)	(1)	-
<b>(Loss)/Profit before tax</b>	(1,479)	678	NM
Tax expense	241	(400)	NM
<b>(Loss)/Profit for the period</b>	(1,238)	278	NM
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company	54	853	(94)
Non-controlling interests	(1,292)	(575)	125
<b>(Loss)/Profit for the period</b>	(1,238)	278	NM
<b>Other comprehensive income, net of tax</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of foreign subsidiaries	(19,212)	14,084	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(1,438)	1,508	NM
Changes in fair value of available-for-sale unquoted equity securities	-	44	NM
<b>Other comprehensive income for the period, net of tax</b>	(20,650)	15,636	NM
<b>Total comprehensive income for the period</b>	(21,888)	15,914	NM
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(7,621)	5,106	NM
Non-controlling interests	(14,267)	10,808	NM
<b>Total comprehensive income for the period</b>	(21,888)	15,914	NM

Notes:

- (1) Included in Revenue is investment income of approximately \$Nil (2015 : \$5,000).
- (2) NM – Not Meaningful.
- (3) NA – Not Applicable.

**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.**

	The Group		The Company	
	\$'000		\$'000	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
<b>Non-current Assets</b>				
Property, plant and equipment	2,318	2,424	-	-
Subsidiaries	-	-	233,106	233,106
Associate and joint venture	#	#	-	-
Investment properties	2,381,188	2,390,839	-	-
Other assets	181	185	-	-
Pledged bank deposits	4,689	4,196	-	-
	2,388,376	2,397,644	233,106	233,106
<b>Current Assets</b>				
Other assets	316	559	-	-
Current tax assets	317	342	-	-
Development properties	246,611	246,611	-	-
Trade and other receivables	3,615	3,726	55	39
Amounts due from subsidiaries	-	-	262,319	249,736
Cash and cash equivalents	163,462	163,759	16,080	33,294
	414,321	414,997	278,454	283,069
<b>Total Assets</b>	2,802,697	2,812,641	511,560	516,175
<b>Equity Attributable to Owners of the Company</b>				
Share capital	186,688	186,688	186,688	186,688
Treasury shares	(101,050)	(101,050)	-	-
Reserves	1,390,448	1,398,069	81,793	83,881
	1,476,086	1,483,707	268,481	270,569
Non-controlling interests	486,720	500,987	-	-
<b>Total Equity</b>	1,962,806	1,984,694	268,481	270,569
<b>Non-current Liabilities</b>				
Loans and borrowings	761,561	738,205	218,896	218,769
Trade and other payables	12,262	12,844	-	-
Deferred tax liabilities	1,048	1,039	-	-
	774,871	752,088	218,896	218,769
<b>Current Liabilities</b>				
Loans and borrowings	5,648	5,798	-	-
Trade and other payables	56,964	68,270	2,185	4,838
Amounts due to subsidiaries	-	-	21,998	21,999
Current tax liabilities	2,408	1,791	-	-
	65,020	75,859	24,183	26,837
<b>Total Liabilities</b>	839,891	827,947	243,079	245,606
<b>Total Equity and Liabilities</b>	2,802,697	2,812,641	511,560	516,175

# Amount less than \$1,000

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31.03.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
\$5,500,000	\$148,000	\$5,627,000	\$171,000

**Amount repayable after one year**

As at 31.03.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
\$516,217,000	\$245,344,000	\$519,436,000	\$218,769,000

## Details of any collaterals

The borrowings by the subsidiaries are generally secured by the Group's certain investment properties and certain development properties and are guaranteed by the Company and/or its subsidiaries.

### 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.

	The Group	
	\$'000	
	1st Quarter 2016	1st Quarter 2015
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before tax	(1,479)	678
Adjustments for:		
Share of results of associate and joint venture, net of tax	1	1
Amortisation of transaction cost of loans and borrowings	363	360
Depreciation of property, plant and equipment	123	106
Changes in fair value of held for trading equity securities	58	4
Loss on disposal of other assets	38	5
Loss on disposal of property, plant and equipment	#	3
Impairment loss on trade and other receivables and bad debts written off, net	8	-
Interest income	(264)	(144)
Interest expense	5,408	4,514
	4,256	5,527
Changes in working capital:		
Development properties	-	(173)
Trade and other receivables	52	21,312
Trade and other payables	(9,039)	(6,858)
Cash (used in)/generated from operations	(4,731)	19,808
Interest income received	263	154
Tax paid	(13)	-
Tax refund	941	-
<b>Net Cash (used in)/from Operating Activities</b>	(3,540)	19,962
<b>Cash Flows from Investing Activities</b>		
Capital expenditure on investment properties	(9,629)	(5,410)
Purchase of property, plant and equipment	(38)	(146)
Proceeds from disposal of other assets	144	652
<b>Net Cash used in Investing Activities</b>	(9,523)	(4,904)
<b>Cash Flows from Financing Activities</b>		
(Increase)/Decrease in pledged bank deposits	(547)	1,925
Interest expense paid	(8,515)	(7,846)
Payment of finance lease liabilities	(7)	-
Repayments of loans and borrowings	(135)	(2,441)
Proceeds from loans and borrowings	26,448	6,445
Proceeds from shares issued under share option scheme	-	83
<b>Net Cash from/(used in) Financing Activities</b>	17,244	(1,834)
<b>Net Increase in Cash and Cash Equivalents</b>	4,181	13,224
Cash and cash equivalents at 1 January	163,759	93,071
Effect of exchange rate fluctuations on cash held	(4,478)	369
<b>Cash and Cash Equivalents at 31 March</b>	163,462	106,664
<b>Cash and Cash Equivalents at 31 March is represented by:</b>		
Cash at banks and in hand	5,254	48,830
Deposits	162,897	60,842
Cash and cash equivalents	168,151	109,672
Less: Pledged bank deposits (non-current)	(4,689)	(3,008)
	163,462	106,664

# Amount less than \$1,000

**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.**

		\$'000							
		Attributable to Owners of the Company							
	Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit	Total	Non-Controlling Interests	Total Equity	
<b>The Group</b>									
At 1 January 2015	186,688	3,330	(101,050)	(38,455)	1,271,053	1,321,566	476,260	1,797,826	
<b>Total comprehensive income for the period</b>									
Profit/(Loss) for the period	-	-	-	-	853	853	(575)	278	
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	2,724	-	2,724	11,360	14,084	
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	1,508	-	1,508	-	1,508	
Changes in fair value of available-for-sale unquoted equity securities	-	21	-	-	-	21	23	44	
Total other comprehensive income, net of tax	-	21	-	4,232	-	4,253	11,383	15,636	
<b>Total comprehensive income for the period</b>	-	21	-	4,232	853	5,106	10,808	15,914	
<b>Transactions with Owners, recorded directly in equity</b>									
<b>Contributions by Owners</b>									
Share options exercised	-	16	-	-	20	36	78	114	
<b>Total contributions by Owners</b>	-	16	-	-	20	36	78	114	
<b>Total transactions with Owners</b>	-	16	-	-	20	36	78	114	
At 31 March 2015	186,688	3,367	(101,050)	(34,223)	1,271,926	1,326,708	487,146	1,813,854	
At 1 January 2016	186,688	2,371	(101,050)	(30,604)	1,426,302	1,483,707	500,987	1,984,694	
<b>Total comprehensive income for the period</b>									
Profit/(Loss) for the period	-	-	-	-	54	54	(1,292)	(1,238)	
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(6,237)	-	(6,237)	(12,975)	(19,212)	
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(1,438)	-	(1,438)	-	(1,438)	
Total other comprehensive income, net of tax	-	-	-	(7,675)	-	(7,675)	(12,975)	(20,650)	
<b>Total comprehensive income for the period</b>	-	-	-	(7,675)	54	(7,621)	(14,267)	(21,888)	
At 31 March 2016	186,688	2,371	(101,050)	(38,279)	1,426,356	1,476,086	486,720	1,962,806	
<b>The Company</b>									
At 1 January 2015	186,688	-	-	-	59,619	246,307	-	246,307	
Profit and total comprehensive income for the period	-	-	-	-	25,495	25,495	-	25,495	
At 31 March 2015	186,688	-	-	-	85,114	271,802	-	271,802	
At 1 January 2016	186,688	-	-	-	83,881	270,569	-	270,569	
Loss and total comprehensive income for the period	-	-	-	-	(2,088)	(2,088)	-	(2,088)	
At 31 March 2016	186,688	-	-	-	81,793	268,481	-	268,481	

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The Company did not issue any shares during the financial period under review. The Company's share capital consists of 791,465,621 ordinary shares as at 31 March 2016.

On 29 February 2016, the Directors announced a proposed bonus issue to shareholders on the basis of one (1) bonus share for every ten (10) existing ordinary shares in the capital of the Company.

The bonus shares were issued on 21 April 2016 and following the allotment and issue of the bonus shares, the aggregate number of issued ordinary shares increased from 791,465,621 to 870,612,140.

- 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.**

Total number of issued shares excluding treasury shares

The Company	
31.03.2016	31.12.2015
791,465,621	791,465,621

- 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.**

NA.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

NA.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the Group's and the Company's audited financial statements for the year ended 31 December 2015.

- 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.**

Nil.

- 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.**

Earnings per ordinary share of the Group after deducting any provision for preference dividends:

- (a) Based on the weighted average number of ordinary shares on issue; and  
 (b) On a fully diluted basis (detailing any adjustments made to the earnings)

The Group	
1st Quarter 2016	1st Quarter 2015
0.01 cts	0.14 cts
0.01 cts	0.14 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit attributable to ordinary shareholders for the period of approximately \$54,000 (2015 : \$853,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2015 : 630,020,501) which excludes ordinary shares held by an investee.

There are no potential dilutive ordinary shares in existence as at 31 March 2016 and 31 March 2015.

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

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares and excluding ordinary shares held by an investee

The Group		The Company	
31.03.2016	31.12.2015	31.03.2016	31.12.2015
234 cts	236 cts	34 cts	34 cts

**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.

The Group's revenue for the current period decreased from approximately \$15.6 million to \$14.0 million. This was mainly due to the decrease in rental income from its investment properties, of which a property in Hong Kong is undergoing renovation works. The absence of horticultural services and other revenue as a result of the Group's disposal of its shares in Winfoong International Limited in September 2015 also resulted in a reduction in the Group's revenue.

The increase in other income was mainly interest income from cash and cash equivalents.

The increase in finance expense was mainly due to higher interest rates in this quarter as compared to the first quarter of 2015.

The credit in tax expense in this quarter was mainly due to the tax refund from overprovision of tax for prior year.

Hence, the Group recorded a loss of approximately \$1.2 million as compared to a profit of approximately \$0.3 million in the previous corresponding period. The Group's profit attributable to owners of the Company was approximately \$0.05 million as compared to approximately \$0.9 million in the previous corresponding period.

The increase in pledged bank deposits was mainly due to the monies collected from the rental of its investment properties in Hong Kong.

The decrease in other assets (current) was mainly due to the disposal of short-term investments and lower bid price of the short-term investments as at 31 March 2016.

The increase in loans and borrowings (non-current) was mainly due to the issuance of its 2.75% unsecured 3 years' bonds by a subsidiary in Hong Kong to third parties in March 2016.

The decrease in trade and other payables was mainly due to payments of staff cost and interest expense accrued as at 31 December 2015.

The increase in current tax liabilities was due mainly to the provision of income tax during the period.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

NA.

**10. 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 reporting period and the next 12 months.**

The Group's recurring income will mainly be rental income from of its investment and development properties. Sale of residential units will continue to be sluggish.

11. **If a decision regarding dividend has been made:**
- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**  
None.
- (b)(i) **Amount per share ..... cents**  
NA.
- (ii) **Previous corresponding period ..... cents**  
NA.
- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**  
NA.
- (d) **The date the dividend is payable.**  
NA.
- (e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**  
NA.
12. **If no dividend has been declared (recommended), a statement to that effect.**  
No dividend has been declared/recommended for the first quarter ended 31 March 2016.
13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**  
The Company does not have a general mandate from shareholders for interested person transactions.
14. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**  
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 First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2016 to be false or misleading in any material aspect.
15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set in Appendix 7.7) under Rule 720(1).**  
The Company has procured the undertakings from all its directors and executive officers.

**BY ORDER OF THE BOARD**

Koh Chay Tiang  
Lo Swee Oi  
Company Secretaries  
13 May 2016