

**Hong Fok Corporation Limited
and its Subsidiaries
Company Registration Number: 196700468N**

Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021

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A. Condensed Interim Consolidated Statement of Comprehensive Income
Period Ended 30 June 2021

Group	Note	6 Months Ended 30.06.2021 \$'000	6 Months Ended 30.06.2020 \$'000	Increase/ (Decrease) %
Revenue (Note a)	4	42,758	43,558	(2)
Other income		271	1,876	(86)
		43,029	45,434	(5)
Commitment fee on unutilised bank facilities		(766)	(714)	7
Cost of sales of development properties		(7,087)	(5,067)	40
Depreciation of property, plant and equipment		(455)	(466)	(2)
Depreciation of right-of-use assets		(506)	(525)	(4)
Employee benefit expenses		(9,227)	(9,265)	-
Exchange gain, net		537	1,070	(50)
Changes in fair value of other investments at fair value through profit or loss		1,042	(1,640)	NM
Impairment loss on trade receivables, net		(30)	(43)	(30)
Impairment loss written back on other assets		10	5	100
Maintenance expenses		(4,295)	(4,167)	3
Lease expenses		(99)	(94)	5
Professional fees		(711)	(622)	14
Property tax		(3,150)	(3,147)	-
Rental commission		(366)	(456)	(20)
Grant expenses		-	(854)	NM
Other expenses		(1,694)	(1,659)	2
		16,232	17,790	(9)
Finance income		246	398	(38)
Finance expense		(10,776)	(12,953)	(17)
Net finance expense		(10,530)	(12,555)	(16)
Profit before tax (Note b)		5,702	5,235	9
Tax expense	7	(2,103)	(2,379)	(12)
Profit for the period		3,599	2,856	26
Profit/(loss) attributable to:				
Owners of the Company		5,050	4,296	18
Non-controlling interests		(1,451)	(1,440)	1
Profit for the period		3,599	2,856	26
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries		6,914	20,428	(66)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		404	1,126	(64)
Other comprehensive income for the period, net of tax		7,318	21,554	(66)
Total comprehensive income for the period		10,917	24,410	(55)
Total comprehensive income attributable to:				
Owners of the Company		7,908	12,772	(38)
Non-controlling interests		3,009	11,638	(74)
Total comprehensive income for the period		10,917	24,410	(55)
Earnings per share (cents):				
Basic	9	0.76	0.64	
Diluted	9	0.76	0.64	

Notes:

(a) Included in Revenue is investment income of approximately \$565,000 (2020 : \$298,000).

(b) Included in Profit before tax is net profit on sale of development properties of approximately \$3,117,000 (2020 : \$2,704,000).

(c) NM - Not Meaningful.

B. Condensed Interim Statements of Financial Position
Period As At 30 June 2021

		Group		Company	
	Note	30.06.2021 \$'000	31.12.2020 \$'000	30.06.2021 \$'000	31.12.2020 \$'000
Non-current Assets					
Property, plant and equipment	11	3,275	3,331	-	-
Right-of-use assets		944	435	-	-
Subsidiaries		-	-	853,328	853,328
Associate and joint venture		#	#	-	-
Investment properties	12	3,164,203	3,156,538	-	-
Other assets		234	223	-	-
Other investments		#	#	-	-
Pledged bank deposits		3,544	3,139	-	-
Deferred tax assets		729	666	-	-
		3,172,929	3,164,332	853,328	853,328
Current Assets					
Other investments		23,640	26,568	-	-
Current tax assets		445	450	-	-
Development properties	13	166,848	173,401	-	-
Trade and other receivables		4,973	5,614	73	27
Amounts due from subsidiaries		-	-	327,606	332,131
Pledged bank deposits		67	10,062	-	-
Cash and cash equivalents		58,676	41,175	1,305	1,280
		254,649	257,270	328,984	333,438
Total Assets		3,427,578	3,421,602	1,182,312	1,186,766
Equity Attributable to Owners of the Company					
Share capital	14	186,688	186,688	186,688	186,688
Treasury shares		(120,377)	(120,377)	(19,327)	(19,327)
Reserves		1,899,952	1,899,638	635,451	644,123
		1,966,263	1,965,949	802,812	811,484
Non-controlling interests		609,291	607,481	-	-
Total Equity		2,575,554	2,573,430	802,812	811,484
Non-current Liabilities					
Loans and borrowings	15	669,341	767,192	-	99,626
Trade and other payables		11,815	11,815	-	-
Lease liabilities		664	-	-	-
Deferred tax liabilities		406	364	-	-
		682,226	779,371	-	99,626
Current Liabilities					
Loans and borrowings	15	109,618	18,385	99,777	-
Trade and other payables		51,419	40,591	2,366	2,448
Lease liabilities		321	448	-	-
Contract liabilities		28	212	-	-
Amounts due to subsidiaries		-	-	277,357	273,208
Current tax liabilities		8,412	9,165	-	-
		169,798	68,801	379,500	275,656
Total Liabilities		852,024	848,172	379,500	375,282
Total Equity and Liabilities		3,427,578	3,421,602	1,182,312	1,186,766

Amount less than \$1,000

C. Condensed Interim Statements of Changes in Equity
Period Ended 30 June 2021

Group	Note	Attributable to Owners of the Company						Non-Controlling Interests	Total Equity
		Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 January 2020		186,688	1,992	(111,183)	(12,343)	1,927,788	1,992,942	622,519	2,615,461
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	4,296	4,296	(1,440)	2,856
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(17)	-	7,367	-	7,350	13,078	20,428
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	1,126	-	1,126	-	1,126
Total other comprehensive income, net of tax		-	(17)	-	8,493	-	8,476	13,078	21,554
Total comprehensive income for the period		-	(17)	-	8,493	4,296	12,772	11,638	24,410
Transactions with Owners, recorded directly in Equity									
<i>Distributions to Owners</i>									
Own shares acquired	14	-	-	(7,112)	-	-	(7,112)	-	(7,112)
Dividend paid	8	-	-	-	-	(6,703)	(6,703)	-	(6,703)
Total Distributions to Owners		-	-	(7,112)	-	(6,703)	(13,815)	-	(13,815)
Changes in Ownership Interests in Subsidiaries									
Change of interest in a subsidiary with no loss of control		-	55	-	-	(40)	15	150	165
Total Changes in Ownership Interests in Subsidiaries		-	55	-	-	(40)	15	150	165
Total Transactions with Owners		-	55	(7,112)	-	(6,743)	(13,800)	150	(13,650)
At 30 June 2020		186,688	2,030	(118,295)	(3,850)	1,925,341	1,991,914	634,307	2,626,221
At 1 January 2021		186,688	2,139	(120,377)	(14,850)	1,912,349	1,965,949	607,481	2,573,430
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	5,050	5,050	(1,451)	3,599
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(5)	-	2,459	-	2,454	4,460	6,914
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	404	-	404	-	404
Total other comprehensive income, net of tax		-	(5)	-	2,863	-	2,858	4,460	7,318
Total comprehensive income for the period		-	(5)	-	2,863	5,050	7,908	3,009	10,917
Transactions with Owners, recorded directly in Equity									
<i>Distributions to Owners</i>									
Redemption of bonds issued by a subsidiary		-	(923)	-	-	-	(923)	(1,199)	(2,122)
Dividend paid	8	-	-	-	-	(6,671)	(6,671)	-	(6,671)
Total Distributions to Owners		-	(923)	-	-	(6,671)	(7,594)	(1,199)	(8,793)
Total Transactions with Owners		-	(923)	-	-	(6,671)	(7,594)	(1,199)	(8,793)
At 30 June 2021		186,688	1,211	(120,377)	(11,987)	1,910,728	1,966,263	609,291	2,575,554

Hong Fok Corporation Limited and its Subsidiaries

Company	Note	Share Capital \$'000	Treasury Shares \$'000	Retained Profit \$'000	Total \$'000
At 1 January 2020		186,688	(10,133)	654,405	830,960
Profit and total comprehensive income for the period		-	-	425	425
Transactions with Owners, recorded directly in Equity					
<i>Distributions to Owners</i>					
Own shares acquired	14	-	(7,112)	-	(7,112)
Dividend paid	8	-	-	(8,478)	(8,478)
Total Transactions with Owners		-	(7,112)	(8,478)	(15,590)
At 30 June 2020		186,688	(17,245)	646,352	815,795
At 1 January 2021		186,688	(19,327)	644,123	811,484
Loss and total comprehensive income for the period		-	-	(225)	(225)
Transactions with Owners, recorded directly in Equity					
<i>Distributions to Owners</i>					
Dividend paid	8	-	-	(8,447)	(8,447)
Total Transactions with Owners		-	-	(8,447)	(8,447)
At 30 June 2021		186,688	(19,327)	635,451	802,812

D. Condensed Interim Consolidated Statement of Cash Flows
Period Ended 30 June 2021

Group	Note	6 Months Ended 30.06.2021 \$'000	6 Months Ended 30.06.2020 \$'000
Cash Flows from Operating Activities			
Profit before tax		5,702	5,235
Adjustments for:			
Depreciation of property, plant and equipment		455	466
Depreciation of right-of-use assets		506	525
Gain on disposal of property, plant and equipment		-	#
Impairment loss on trade receivables, net		30	43
Impairment loss written back on other assets		(10)	(5)
Changes in fair value of other investments at fair value through profit or loss		(1,042)	1,640
Unrealised currency translation gain		(498)	(1,185)
Finance income		(246)	(398)
Finance expense		10,776	12,953
		15,673	19,274
Changes in working capital:			
Development properties		6,553	4,643
Trade and other receivables		530	(2,173)
Trade and other payables		11,549	(11,199)
Contract liabilities		(184)	(40)
Cash generated from operations		34,121	10,505
Tax paid		(2,873)	(629)
Tax refund		11	-
Net Cash from Operating Activities		31,259	9,876
Cash Flows from Investing Activities			
Capital expenditure on investment properties		(57)	(233)
Decrease in restricted cash		#	95
Proceeds from disposal of property, plant and equipment		2	2
Proceeds from disposal of other investments		10,973	26,381
Purchase of property, plant and equipment		(390)	(151)
Purchase of other investments		(6,701)	(17,464)
Interest received		291	351
Net Cash from Investing Activities		4,118	8,981
Cash Flows from Financing Activities			
Decrease/(Increase) in pledged bank deposits		9,738	(2,005)
Interest paid		(7,933)	(10,762)
Dividend paid	8	(6,671)	(6,703)
Payment of lease liabilities		(438)	(527)
Payment of transaction costs on loans and borrowings		(6,299)	-
Repayments of loans and borrowings		(122,915)	(4,125)
Proceeds from loans and borrowings		116,055	40,200
Purchase of treasury shares	14	-	(7,112)
Net Cash (used in)/from Financing Activities		(18,463)	8,966
Net Increase in Cash and Cash Equivalents		16,914	27,823
Cash and cash equivalents at beginning of the period		41,138	40,264
Effect of exchange rate fluctuations on cash held		587	1,145
Cash and Cash Equivalents at end of the period		58,639	69,232
Cash and Cash Equivalents at 30 June is represented by:			
Cash at banks and in hand		7,376	11,790
Deposits		54,911	69,728
Cash and cash equivalents		62,287	81,518
Less: Pledged bank deposits		(3,611)	(12,240)
		58,676	69,278
Less: Restricted cash		(37)	(46)
		58,639	69,232

Amount less than \$1,000

E. Notes to the Condensed Interim Financial Statements

1 Domicile and Activities

Hong Fok Corporation Limited (the “Company”) is incorporated in the Republic of Singapore. The Company’s registered office is at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

These condensed interim financial statements of the Group as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”) and the Group’s interest in equity-accounted investees.

2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 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 annual financial statements for the year ended 31 December 2020.

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

In preparing these condensed interim financial statements, significant judgements made by the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for 2020.

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 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 2020.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards 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 those standards.

3 Seasonal Operations

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

4 Segment Information

The Group has 3 reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies.

The following summary describes the operations in each of the Group’s reportable segments:

- *Property investment* – includes investments in investment properties
- *Property development and construction* – sale of residential units and development of properties
- *Property management* – provides maintenance and management services

Other operations include investment holding, investment trading and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2021 or 2020.

These operating segments are reported in a manner consistent with internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Information about reportable segments

Group	Property Investment \$'000	Property Development and Construction \$'000	Property Management \$'000	Other Operations \$'000	Total \$'000
1 January 2021 to 30 June 2021					
External revenue	28,001	12,818	1,374	565	42,758
Inter-segment revenue	291	704	333	1,768	3,096
Finance income	23	2	-	221	246
Finance expense	(8,924)	(1,075)	-	(777)	(10,776)
Reportable segment profit/(loss) before tax	4,189	3,109	101	(1,697)	5,702
Tax expense					(2,103)
Profit for the period					3,599
Other material non-cash items:					
- Depreciation and amortisation	(3,327)	(559)	(11)	(695)	(4,592)
- Impairment loss on trade receivables, net	(17)	(13)	-	-	(30)
- Impairment loss written back on other assets	10	-	-	-	10
Reportable segment assets	3,172,085	172,982	749	80,588	3,426,404
Deferred tax assets					729
Current tax assets					445
Total assets					3,427,578
Capital expenditure:					
- Investment properties	57	-	-	-	57
- Property, plant and equipment	29	5	4	352	390
- Right-of-use assets	-	-	-	1,013	1,013
Reportable segment liabilities	662,792	103,852	514	76,048	843,206
Deferred tax liabilities					406
Current tax liabilities					8,412
Total liabilities					852,024
1 January 2020 to 30 June 2020					
External revenue	31,686	10,533	1,041	298	43,558
Inter-segment revenue	291	194	213	1,779	2,477
Finance income	46	17	-	335	398
Finance expense	(10,469)	(1,238)	-	(1,246)	(12,953)
Reportable segment profit/(loss) before tax	7,253	2,725	(145)	(4,598)	5,235
Tax expense					(2,379)
Profit for the period					2,856
Other material non-cash items:					
- Depreciation and amortisation	(2,797)	(342)	(9)	(707)	(3,855)
- Impairment loss on trade receivables, net	(43)	-	-	-	(43)
- Impairment loss written back on other assets	5	-	-	-	5
Reportable segment assets	3,234,460	184,025	948	90,318	3,509,751
Deferred tax assets					685
Current tax assets					475
Total assets					3,510,911
Capital expenditure:					
- Investment properties	233	-	-	-	233
- Property, plant and equipment	23	125	2	1	151
Reportable segment liabilities	655,808	114,600	529	102,668	873,605
Deferred tax liabilities					317
Current tax liabilities					10,768
Total liabilities					884,690

4.2 Disaggregation of revenue

Group	6 Months Ended 30.06.2021 \$'000	6 Months Ended 30.06.2020 \$'000
Revenue		
Gross dividend income from investments	565	298
Gross rental income from		
– investment properties	23,419	27,252
– development properties	1,721	1,807
Hiring charges from		
– investment properties	73	63
– development properties	748	803
Maintenance fee from		
– investment properties	4,219	4,190
– development properties	145	152
Revenue from contracts with customers		
– Sale of completed development properties	10,204	7,771
– Property management income	1,374	1,041
– Car park income	290	181
	<u>42,758</u>	<u>43,558</u>
Timing of Revenue Recognition		
Products and services transferred at a point in time	11,303	8,445
Products and services transferred over time	4,929	4,890
Others	<u>26,526</u>	<u>30,223</u>
	<u>42,758</u>	<u>43,558</u>
Geographical Information		
Singapore	39,808	39,310
Hong Kong	<u>2,950</u>	<u>4,248</u>
	<u>42,758</u>	<u>43,558</u>

5 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2021 and 31 December 2020.

Group	Carrying Amount				Fair Value			
	Mandatorily at FVTPL \$'000	Designated at FVTPL \$'000	Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2021								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	5,626	-	-	5,626	-	5,626	-	5,626
Equity investments - mandatorily at FVTPL	18,014	-	-	18,014	16,473	1,541	-	18,014
	23,640	#	-	23,640				
Financial Assets Not Measured at Fair Value								
Pledged bank deposits	-	-	3,611	3,611				
Trade and other receivables @	-	-	3,601	3,601				
Cash and cash equivalents	-	-	58,676	58,676				
	-	-	65,888	65,888				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(778,959)	(778,959)	-	(768,311)	-	(768,311)
Trade and other payables *	-	-	(32,443)	(32,443)				
	-	-	(811,402)	(811,402)				
31 December 2020								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	8,728	-	-	8,728	3,277	5,451	-	8,728
Equity investments - mandatorily at FVTPL	17,840	-	-	17,840	16,373	1,467	-	17,840
	26,568	#	-	26,568				
Financial Assets Not Measured at Fair Value								
Pledged bank deposits	-	-	13,201	13,201				
Trade and other receivables @	-	-	4,467	4,467				
Cash and cash equivalents	-	-	41,175	41,175				
	-	-	58,843	58,843				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(785,577)	(785,577)	-	(788,758)	-	(788,758)
Trade and other payables *	-	-	(39,515)	(39,515)				
	-	-	(825,092)	(825,092)				

Amount less than \$1,000

@ Exclude prepayments and others.

* Exclude provision of other long-term employee benefits, Goods and Services Tax payables, deferred income and other liabilities.

Company	Carrying Amount		Fair Value			
	Amortised		Level 1	Level 2	Level 3	Total
	Cost	Total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	3	3				
Amounts due from subsidiaries (non-current)	624,573	624,573				
Amounts due from subsidiaries (current)	327,606	327,606				
Cash and cash equivalents	1,305	1,305				
	<u>953,487</u>	<u>953,487</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(277,357)	(277,357)				
Loans and borrowings	(99,777)	(99,777)	-	(103,107)	-	(103,107)
Trade and other payables	(2,366)	(2,366)				
	<u>(379,500)</u>	<u>(379,500)</u>				
31 December 2020						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	3	3				
Amounts due from subsidiaries (non-current)	624,573	624,573				
Amounts due from subsidiaries (current)	332,131	332,131				
Cash and cash equivalents	1,280	1,280				
	<u>957,987</u>	<u>957,987</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(273,208)	(273,208)				
Loans and borrowings	(99,626)	(99,626)	-	(102,207)	-	(102,207)
Trade and other payables	(2,448)	(2,448)				
	<u>(375,282)</u>	<u>(375,282)</u>				

@ Exclude prepayments and others.

6 Related Party Transactions

There was no material related party transactions apart from those disclosed elsewhere in the financial statements.

7 Tax Expense

Group	6 Months Ended	6 Months Ended
	30.06.2021	30.06.2020
	\$'000	\$'000
Current tax expense	2,120	2,004
Deferred tax expense	(17)	375
	<u>2,103</u>	<u>2,379</u>

8 Dividend

A first and final tax exempt (one-tier) dividend in respect of the previous financial year was paid by the Group and the Company as follows:

	Group		Company	
	6 Months Ended	6 Months Ended	6 Months Ended	6 Months Ended
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Ordinary dividend paid:				
First and final dividend of 1.0 cents (2020 : first and final dividend of 1.0 cents) per ordinary share	6,671	6,703	8,447	8,478

9 Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2021 was based on the consolidated profit attributable to ordinary shareholders for the period of approximately \$5,050,000 (2020 : \$4,296,000); and the weighted average number of ordinary shares outstanding of 667,085,108 (2020 : 676,179,924), which excludes treasury shares held by the Company and also ordinary shares held by an investee, calculated as follows:

Weighted average number of ordinary shares

Group	6 Months Ended	6 Months Ended
	30.06.2021	30.06.2020
	No. of Shares	No. of Shares
Issued ordinary shares including treasury shares	870,612,140	870,612,140
Effect of ordinary shares held by and investee and treasury shares	(203,527,032)	(194,432,216)
Weighted average number of ordinary shares during the period	667,085,108	676,179,924

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.

10 Net Asset Value

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
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 (cents)	295	295	95	96
Number of shares	667,085,108	667,085,108	844,674,740	844,674,740

11 Property, Plant and Equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to approximately \$390,000 (2020 : \$151,000) and disposed of assets amounting to approximately \$2,000 (2020 : \$2,000).

12 Investment Properties

Group	30.06.2021 \$'000	31.12.2020 \$'000
At beginning of the period/year	3,156,538	3,193,538
Additions arising from subsequent expenditure recognised in carrying amount	57	375
Changes in fair value	-	(30,594)
Translation differences	7,608	(6,781)
At end of the period/year	3,164,203	3,156,538

Investment properties comprise freehold land and buildings that include a hotel property and commercial properties, and leasehold land and buildings that include commercial properties, residential properties and parking spaces.

The hotel property is managed by a third-party hotel operator for a period of approximately sixteen years with option to renew.

The commercial and residential properties are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually one to five years. Subsequent renewals are negotiated with the lessee.

Changes in fair value are recognised as gain or loss in profit or loss. All gain or loss are unrealised.

Security

As at 30 June 2021 and 31 December 2020, the Group's investment properties with a carrying value of approximately \$3,144,370,000 (2020 : \$3,136,738,000) are mortgaged for certain credit facilities granted to the Group (see Note 15).

Measurement of fair value

External valuation of the investment properties is conducted at least once a year. As at 31 December 2020, the carrying amounts of the investment properties were based on valuations performed by the independent external valuers.

As at 30 June 2021, the Group did not engage independent valuers to determine the fair values of the investment properties. Based on Management's current assessment, the latest appraised values of investment properties are still appropriate at the reporting date of 30 June 2021 as there is no significant change to the market conditions.

13 Development Properties

During the 6 months ended 30 June 2021, completed development properties for sale of approximately \$6,526,000 (2020 : \$4,643,000) were recognised as an expense and included in the 'Cost of sales of development properties'.

14 Share Capital

	Group		Company	
	30.06.2021 No. of Shares	31.12.2020 No. of Shares	30.06.2021 No. of Shares	31.12.2020 No. of Shares
Issued and Fully Paid Ordinary Shares, with no Par Value, excluding Treasury Shares				
At beginning of the period/year	667,085,108	681,526,308	844,674,740	859,115,940
Share buyback	-	(14,441,200)	-	(14,441,200)
At end of the period/year	667,085,108	667,085,108	844,674,740	844,674,740

Hong Fok Corporation Limited and its Subsidiaries

The total treasury shares held by the Group and Company are as follows:

	Group		Company	
	No. of Shares	\$'000	No. of Shares	\$'000
At 1 January 2020	189,085,832	111,183	11,496,200	10,133
Share buyback	11,460,700	7,112	11,460,700	7,112
At 30 June 2020	200,546,532	118,295	22,956,900	17,245
At 1 January 2021	203,527,032	120,377	25,937,400	19,327
Share buyback	-	-	-	-
At 30 June 2021	203,527,032	120,377	25,937,400	19,327

As at 30 June 2021, the Company held 25,937,400 treasury shares (2020 : 22,956,900) which represent 3.1% (2020 : 2.7%) of the total number of issued shares (excluding treasury shares) of 844,674,740 (2020 : 847,655,240)

The Company did not have any subsidiary holdings, outstanding options and convertibles as at 30 June 2021 and 30 June 2020.

15 Loans and Borrowings

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Non-current Liabilities				
Singapore dollar secured bank loans	635,644	635,946	-	-
Singapore dollar unsecured fixed rate notes	-	100,000	-	100,000
Hong Kong dollar secured bank loans	16,098	-	-	-
Hong Kong dollar unsecured bonds	28,908	42,138	-	-
Unamortised transaction cost	(7,562)	(3,953)	-	(374)
Unamortised imputed interest on unsecured bonds	(3,747)	(6,939)	-	-
	669,341	767,192	-	99,626
Current Liabilities				
Singapore dollar secured bank loans	61	301	-	-
Singapore dollar unsecured fixed rate notes	100,000	-	100,000	-
Hong Kong dollar secured bank loans	9,780	18,084	-	-
Unamortised transaction cost	(223)	-	(223)	-
	109,618	18,385	99,777	-
	778,959	785,577	99,777	99,626

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

16 Subsequent Event

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

F. Other Information Required by Listing Rule Appendix 7.2

1 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim statements of financial position of Hong Fok Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2 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 posted a revenue of approximately \$42.8 million for this period as compared to approximately \$43.6 million in the previous corresponding period. The decreases in rental income from the hotel, YOTEL Singapore Orchard Road ("YOTEL") and its investment properties in Hong Kong were cushioned by increases in sales of the residential units of Concourse Skyline, property management income and dividend income. All these resulted in approximately a decrease in revenue of \$0.8 million.

The Group's other income decreased mainly due to the absence of property tax rebates and lower Jobs Support Scheme pay out given by the Singapore government in the current period as compared to the previous corresponding period.

With the recognition of higher sales revenue from its development properties, there was also an increase in the cost of sales for this period as compared to the previous corresponding period.

The net exchange gain for the current period was mainly due to the weakening of the Singapore dollar on its investments in securities and cash and cash equivalents denominated in United States dollar and Hong Kong.

The changes in fair value of other investments at fair value through profit or loss was mainly due to the recognition of gain on disposal of certain investments and valuation of its investments at fair value as at 30 June 2021.

The increase in professional fees was mainly due to higher fees paid to legal and other professional advisers in the current period.

Due to the government's safe management measures to curb the COVID-19 pandemic, there was less dealings with real estate agents resulting in a decrease in rental commission for the current period.

The Group has passed on property tax rebates given by the Singapore government to eligible tenants of its commercial units for the previous corresponding period and these were recognised as grant expenses.

The decrease in finance income for this period was mainly due to weaker deposit rates for its cash and cash equivalents compared to the previous corresponding period although there was an increase in interest income received from other investments.

The decrease in finance expense for this period was mainly due to lower interest rates as compared to the previous corresponding period.

Overall, the Group posted a profit before tax of approximately \$5.7 million in this period as compared to approximately \$5.2 million in the previous corresponding period.

Consequently, the Group's profit attributable to Owners of the Company was approximately \$5.1 million as compared to approximately \$4.3 million in the previous corresponding period.

The increase in the Group's right-of-use assets was mainly due to lease of new office space in Hong Kong in the current period upon the expiration of its previous lease. This also resulted in a corresponding increase in lease liabilities.

The decrease in other investments was mainly due to net disposal of marketable securities and the maturity of bonds in the current period.

The decrease in the Group's pledged bank deposits was used to reduce a secured bank loan in Hong Kong.

The increase in cash and cash equivalents and trade and other payables were mainly due to the monies received in relation to a proposed corporate transaction in Hong Kong.

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The increase in the Group's current loans and borrowings was mainly due to its unsecured fixed rate notes being reclassified from non-current liabilities in 2020 to current liabilities in 2021 as they are due for repayment in the first quarter of 2022. The Group has existing bank facilities to repay the unsecured fixed rate notes on its due date.

Certain secured bank loans in Hong Kong dollars have been reclassified from current liabilities in 2020 to non-current liabilities in 2021 due to the refinancing of the facilities in the current period. These loans will now be due in 2026.

For the secured bank loans in Hong Kong dollars under current liabilities, the Group is confident that these loans will be refinanced on or before their due dates as legal documentation is in progress.

There was a decrease in unsecured bonds in Hong Kong dollars due to the partial redemption of the bonds in the current period and this was financed from the drawdown of secured bank loans.

In the first half of 2021, the maturity dates of the Group's secured loan facilities in Singapore were refinanced/extended from 2022 to 2026. As a result, there were payments of transaction costs of approximately \$6.3 million.

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

Not applicable.

4 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 COVID-19 pandemic has affected the performance of YOTEL significantly. As governments across the world continue to roll out vaccinations to curb the pandemic, this should eventually ease travel restrictions. With this, the performance of YOTEL may improve but it is difficult to predict the speed of recovery.

The occupancy rate of the Group's other investment properties is expected to remain stable.

The Group is expected to recognise revenue from the sales of the residential units of Concourse Skyline even though travel restrictions may affect the pace of our sales.

The Group has completed the sale of the last residential unit of Jewel of Balmoral, Singapore in August 2021.

The Group will continue to monitor the evolving COVID-19 pandemic situation and take a cautious approach in its business opportunities.

5 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share cents

Not applicable.

(ii) Previous corresponding period cents

Not applicable.

(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).

Not applicable.

(d) The date of the dividend is payable.

Not applicable.

- (e) **The date on which the Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 6 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/recommendeded for the six months ended 30 June 2021. It is the Company's practice to propose any final dividend for shareholders' approval at its annual general meeting.

- 7 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.

- 8 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 Condensed Interim Financial Statements on the unaudited results of the Company and of the Group for the period ended 30 June 2021 to be false or misleading in any material aspect.

- 9 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out 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

Lo Swee Oi
Koh Chay Tiang
Company Secretaries
13 August 2021