

**Hong Fok Corporation Limited  
And Its Subsidiaries  
Company Registration Number: 196700468N**

Condensed Interim Financial Statements  
For The Six Months Ended 30 June 2023

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**A. Condensed Interim Consolidated Statement Of Comprehensive Income  
For The Six Months Ended 30 June 2023**

Group	Note	6 Months Ended 30.06.2023 \$'000	6 Months Ended 30.06.2022 \$'000	Increase/ (Decrease) %
<b>Revenue</b>	4	50,812	55,606	(9)
Other income		83	151	(45)
		<u>50,895</u>	<u>55,757</u>	(9)
Depreciation of property, plant and equipment		(426)	(512)	(17)
Depreciation of right-of-use assets		(197)	(202)	(2)
Gain on disposal of property, plant and equipment		14	-	NM
Loss on disposal of investment properties		(74)	-	NM
Impairment loss written back on other assets		49	9	444
Changes in fair value of other investments at fair value through profit or loss		1,475	107	1,279
Cost of sales of development properties		(4,566)	(13,580)	(66)
(Impairment loss)/Impairment loss written back on trade receivables		(116)	5	NM
Commitment fee on unutilised bank facilities		(689)	(710)	(3)
Employee benefit expenses		(9,488)	(9,684)	(2)
Lease expenses		(102)	(102)	-
Maintenance expenses		(5,191)	(4,101)	27
Professional fees		(572)	(1,853)	(69)
Property tax		(2,964)	(2,884)	3
Rental commission		(404)	(330)	22
Exchange gain, net		83	625	(87)
Other expenses		(1,922)	(1,757)	9
		<u>25,805</u>	<u>20,788</u>	24
Finance income		1,097	221	396
Finance expense		(18,833)	(9,969)	89
Net finance expense		<u>(17,736)</u>	<u>(9,748)</u>	82
<b>Profit before tax</b> (Note)		8,069	11,040	(27)
Tax expense	7	(1,745)	(2,869)	(39)
<b>Profit for the period</b>		<u>6,324</u>	<u>8,171</u>	(23)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company		6,843	9,093	(25)
Non-controlling interests		(519)	(922)	(44)
<b>Profit for the period</b>		<u>6,324</u>	<u>8,171</u>	(23)
<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		2,302	11,312	(80)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		152	666	(77)
<b>Other comprehensive income for the period, net of tax *</b>		<u>2,454</u>	<u>11,978</u>	(80)
<b>Total comprehensive income for the period</b>		<u>8,778</u>	<u>20,149</u>	(56)
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		7,933	14,104	(44)
Non-controlling interests		845	6,045	(86)
<b>Total comprehensive income for the period</b>		<u>8,778</u>	<u>20,149</u>	(56)
<b>Earnings per share (cents):</b>				
Basic	8	1.07	1.38	
Diluted	8	1.07	1.38	

\* There was no tax effect on the components included in other comprehensive income.

Note:

Included in Profit before tax is net profit on sale of development properties of approximately \$2,124,000 (2022: \$7,246,000).

NM – Not Meaningful.

**B. Condensed Interim Statements Of Financial Position  
As At 30 June 2023**

	Note	Group		Company	
		30.06.2023 \$'000	31.12.2022 \$'000	30.06.2023 \$'000	31.12.2022 \$'000
<b>Non-current Assets</b>					
Property, plant and equipment	11	1,409	1,760	-	-
Right-of-use assets		269	466	-	-
Subsidiaries		-	-	853,278	853,278
Associate and joint venture		-	#	-	-
Investment properties	12	3,392,281	3,391,541	-	-
Other assets		313	264	-	-
Other investments		#	#	-	-
Pledged bank deposits		3,926	3,899	-	-
Deferred tax assets		856	816	-	-
		<u>3,399,054</u>	<u>3,398,746</u>	<u>853,278</u>	<u>853,278</u>
<b>Current Assets</b>					
Other investments		18,382	19,603	-	-
Development properties	13	118,109	122,306	-	-
Trade and other receivables		3,571	3,282	73	27
Amounts due from subsidiaries		-	-	218,989	225,317
Cash and cash equivalents	14	31,926	32,103	1,474	1,482
		<u>171,988</u>	<u>177,294</u>	<u>220,536</u>	<u>226,826</u>
<b>Total Assets</b>		<u>3,571,042</u>	<u>3,576,040</u>	<u>1,073,814</u>	<u>1,080,104</u>
<b>Equity Attributable to Owners of the Company</b>					
Share capital	15	186,688	186,688	186,688	186,688
Treasury shares	15	(143,670)	(143,573)	(42,620)	(42,523)
Reserves		2,170,621	2,169,105	616,666	625,147
		<u>2,213,639</u>	<u>2,212,220</u>	<u>760,734</u>	<u>769,312</u>
Non-controlling interests		603,297	602,452	-	-
<b>Total Equity</b>		<u>2,816,936</u>	<u>2,814,672</u>	<u>760,734</u>	<u>769,312</u>
<b>Non-current Liabilities</b>					
Loans and borrowings	16	695,343	700,420	-	-
Trade and other payables		10,337	10,842	-	-
Lease liabilities		-	96	-	-
Deferred tax liabilities		635	610	-	-
		<u>706,315</u>	<u>711,968</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Trade and other payables		39,261	38,653	1,379	1,390
Lease liabilities		304	426	-	-
Contract liabilities		76	107	-	-
Amounts due to subsidiaries		-	-	311,701	309,402
Current tax liabilities		8,150	10,214	-	-
		<u>47,791</u>	<u>49,400</u>	<u>313,080</u>	<u>310,792</u>
<b>Total Liabilities</b>		<u>754,106</u>	<u>761,368</u>	<u>313,080</u>	<u>310,792</u>
<b>Total Equity and Liabilities</b>		<u>3,571,042</u>	<u>3,576,040</u>	<u>1,073,814</u>	<u>1,080,104</u>

# Amount less than \$1,000

**C. Condensed Interim Statements Of Changes in Equity  
For The Six Months Ended 30 June 2023**

Group	Note	Attributable to Owners of the Company					Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
		Share Capital \$'000	Capital and Other Reserves \$'000	Treasury Shares \$'000	Translation Reserves \$'000	Retained Profit \$'000			
At 1 January 2022		186,688	1,188	(120,377)	(11,866)	1,944,586	2,000,219	616,662	2,616,881
<b>Total comprehensive income for the period</b>									
Profit/(Loss) for the period		-	-	-	-	9,093	9,093	(922)	8,171
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(30)	-	4,375	-	4,345	6,967	11,312
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	666	-	666	-	666
Total other comprehensive income, net of tax		-	(30)	-	5,041	-	5,011	6,967	11,978
<b>Total comprehensive income for the period</b>		-	(30)	-	5,041	9,093	14,104	6,045	20,149
<b>Transactions with Owners, recorded directly in Equity</b>									
<b>Distributions to Owners</b>									
Own shares acquired	15	-	-	(15,288)	-	-	(15,288)	-	(15,288)
Dividend paid	9	-	-	-	-	(6,560)	(6,560)	-	(6,560)
<b>Total Distributions to Owners</b>		-	-	(15,288)	-	(6,560)	(21,848)	-	(21,848)
<b>Change in Ownership Interests in Subsidiaries</b>									
Acquisition of non-controlling interests without a change in control	17	-	(165)	-	-	23,163	22,998	(30,984)	(7,986)
<b>Total Change in Ownership Interests in Subsidiaries</b>		-	(165)	-	-	23,163	22,998	(30,984)	(7,986)
<b>Total Transactions with Owners</b>		-	(165)	(15,288)	-	16,603	1,150	(30,984)	(29,834)
At 30 June 2022		186,688	993	(135,665)	(6,825)	1,970,282	2,015,473	591,723	2,607,196
At 1 January 2023		186,688	543	(143,573)	(12,972)	2,181,534	2,212,220	602,452	2,814,672
<b>Total comprehensive income for the period</b>									
Profit/(Loss) for the period		-	-	-	-	6,843	6,843	(519)	6,324
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(10)	-	948	-	938	1,364	2,302
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	152	-	152	-	152
Total other comprehensive income, net of tax		-	(10)	-	1,100	-	1,090	1,364	2,454
<b>Total comprehensive income for the period</b>		-	(10)	-	1,100	6,843	7,933	845	8,778
<b>Transactions with Owners, recorded directly in Equity</b>									
<b>Distributions to Owners</b>									
Own shares acquired	15	-	-	(97)	-	-	(97)	-	(97)
Dividend paid	9	-	-	-	-	(6,417)	(6,417)	-	(6,417)
<b>Total Transactions with Owners</b>		-	-	(97)	-	(6,417)	(6,514)	-	(6,514)
At 30 June 2023		186,688	533	(143,670)	(11,872)	2,181,960	2,213,639	603,297	2,816,936

**Hong Fok Corporation Limited And Its Subsidiaries**

<b>Company</b>	<b>Note</b>	<b>Share Capital \$'000</b>	<b>Treasury Shares \$'000</b>	<b>Retained Profit \$'000</b>	<b>Total \$'000</b>
At 1 January 2022		186,688	(19,327)	634,773	802,134
Loss and total comprehensive income for the period		-	-	(152)	(152)
<b>Transactions with Owners, recorded directly in Equity</b>					
<b><i>Distributions to Owners</i></b>					
Own shares acquired	15	-	(15,288)	-	(15,288)
Dividend paid	9	-	-	(8,336)	(8,336)
<b>Total Transactions with Owners</b>		<b>-</b>	<b>(15,288)</b>	<b>(8,336)</b>	<b>(23,624)</b>
At 30 June 2022		<b>186,688</b>	<b>(34,615)</b>	<b>626,285</b>	<b>778,358</b>
At 1 January 2023		186,688	(42,523)	625,147	769,312
Loss and total comprehensive income for the period		-	-	(288)	(288)
<b>Transactions with Owners, recorded directly in Equity</b>					
<b><i>Distributions to Owners</i></b>					
Own shares acquired	15	-	(97)	-	(97)
Dividend paid	9	-	-	(8,193)	(8,193)
<b>Total Transactions with Owners</b>		<b>-</b>	<b>(97)</b>	<b>(8,193)</b>	<b>(8,290)</b>
At 30 June 2023		<b>186,688</b>	<b>(42,620)</b>	<b>616,666</b>	<b>760,734</b>

**D. Condensed Interim Consolidated Statement Of Cash Flows  
For The Six Months Ended 30 June 2023**

Group	Note	6 Months Ended 30.06.2023 \$'000	6 Months Ended 30.06.2022 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit before tax		8,069	11,040
Adjustments for:			
Depreciation of property, plant and equipment		426	512
Depreciation of right-of-use assets		197	202
Gain on disposal of property, plant and equipment		(14)	-
Loss on disposal of investment properties		74	-
Impairment loss written back on other assets		(49)	(9)
Changes in fair value of other investments at fair value through profit or loss		(1,475)	(107)
Impairment loss/(Impairment loss written back) on trade receivables		116	(5)
Unrealised currency translation gain		(85)	(653)
Finance income		(1,097)	(221)
Finance expense		18,833	9,969
		<u>24,995</u>	<u>20,728</u>
Changes in working capital:			
Development properties		4,197	12,452
Trade and other receivables		(398)	(630)
Trade and other payables		279	22,175
Contract liabilities		(31)	5
Cash generated from operations		<u>29,042</u>	<u>54,730</u>
Tax paid		(3,822)	(2,199)
		<u>25,220</u>	<u>52,531</u>
<b>Net Cash from Operating Activities</b>			
<b>Cash Flows from Investing Activities</b>			
Capital expenditure on investment properties		-	(42)
(Increase)/Decrease in restricted cash		(#)	26,009
Monies paid on behalf of joint offerors		-	(19,915)
Proceeds from disposal of property, plant and equipment		74	3
Proceeds from disposal of investment properties		1,826	-
Proceeds from disposal of other investments		2,826	3,269
Purchase of property, plant and equipment	11	(135)	(242)
Interest received		611	212
		<u>5,202</u>	<u>9,294</u>
<b>Net Cash from Investing Activities</b>			
<b>Cash Flows from Financing Activities</b>			
Increase in pledged bank deposits		(23)	(136)
Repayments of loans and borrowings		(73,301)	(111,832)
Proceeds from loans and borrowings		66,025	102,300
Payment of lease liabilities		(221)	(222)
Purchase of treasury shares	15	(97)	(15,288)
Interest paid		(16,681)	(8,556)
Dividend paid	9	(6,417)	(6,560)
Acquisition of non-controlling interests	17	-	(7,986)
		<u>(30,715)</u>	<u>(48,280)</u>
<b>Net Cash used in Financing Activities</b>			
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>			
		(293)	13,545
Cash and cash equivalents at beginning of the period		32,103	48,246
Effect of exchange rate fluctuations on cash and cash equivalents held		116	1,339
<b>Cash and Cash Equivalents at end of the period</b>	14	<u><u>31,926</u></u>	<u><u>63,130</u></u>

# 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 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 2023 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 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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 as at and for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), 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 2022.

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

A number of new standards and amendments to standards have become applicable for the current reporting period. The Group will 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 periods.

### 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 2023 or 2022.

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
<b>1 January 2023 to 30 June 2023</b>					
External revenue	39,539	8,962	1,772	539	50,812
Inter-segment revenue	299	-	270	1,761	2,330
Finance income	535	35	-	527	1,097
Finance expense	(17,209)	(1,181)	-	(443)	(18,833)
Reportable segment profit/(loss) before tax	6,704	2,172	(24)	(783)	8,069
Tax expense					(1,745)
Profit for the period					6,324
Other material non-cash items:					
- Depreciation	(253)	(15)	(6)	(349)	(623)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	1,475	1,475
- Impairment loss on trade receivables	(116)	-	-	-	(116)
- Impairment loss written back on other assets	49	-	-	-	49
Capital expenditure:					
- Property, plant and equipment	49	16	1	69	135
Reportable segment assets	3,399,606	121,357	1,295	47,928	3,570,186
Deferred tax assets					856
Total assets					3,571,042
Reportable segment liabilities	653,823	47,792	750	42,956	745,321
Deferred tax liabilities					635
Current tax liabilities					8,150
Total liabilities					754,106
<b>1 January 2022 to 30 June 2022</b>					
External revenue	31,188	23,023	877	518	55,606
Inter-segment revenue	291	-	227	1,759	2,277
Finance income	28	12	-	181	221
Finance expense	(8,672)	(800)	-	(497)	(9,969)
Reportable segment profit/(loss) before tax	7,705	7,124	(265)	(3,524)	11,040
Tax expense					(2,869)
Profit for the period					8,171
Other material non-cash items:					
- Depreciation	(231)	(176)	(7)	(300)	(714)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	107	107
- Impairment loss written back on trade receivables	5	-	-	-	5
- Impairment loss written back on other assets	9	-	-	-	9
Capital expenditure:					
- Investment properties	42	-	-	-	42
- Property, plant and equipment	9	6	1	226	242
Reportable segment assets	3,221,624	171,121	625	59,657	3,453,027
Deferred tax assets					866
Total assets					3,453,893
Reportable segment liabilities	691,025	101,610	447	43,107	836,189
Deferred tax liabilities					678
Current tax liabilities					9,830
Total liabilities					846,697

4.2 Disaggregation of revenue

<b>Group</b>	<b>6 Months Ended 30.06.2023 \$'000</b>	<b>6 Months Ended 30.06.2022 \$'000</b>
<b>Revenue</b>		
Gross dividend income from investments	539	518
Rental income from		
– investment properties	35,077	26,755
– development properties	1,329	1,425
Hiring charges from		
– investment properties	96	67
– development properties	830	641
Maintenance fee from		
– investment properties	4,060	4,036
– development properties	113	131
Sale of completed development properties	6,690	20,826
Property management income		
– transferred at a point in time	1,265	362
– transferred over time	507	515
Car park income	306	330
	<u>50,812</u>	<u>55,606</u>
Timing of Revenue Recognition		
Products and services transferred at a point in time	8,261	21,518
Products and services transferred over time	4,680	4,682
	<u>12,941</u>	<u>26,200</u>
Geographical Information		
Singapore	12,941	26,200
Hong Kong	-	-
	<u>12,941</u>	<u>26,200</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 2023 and 31 December 2022.

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
<b>30 June 2023</b>								
<b>Financial Assets Measured at Fair Value</b>								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	6,032	-	-	6,032	-	6,032	-	6,032
Equity investments - mandatorily at FVTPL	12,350	-	-	12,350	11,063	1,287	-	12,350
	<u>18,382</u>	<u>#</u>	<u>-</u>	<u>18,382</u>				
<b>Financial Assets Not Measured at Fair Value</b>								
Pledged bank deposits	-	-	3,926	3,926				
Trade and other receivables @	-	-	1,920	1,920				
Cash and cash equivalents	-	-	31,926	31,926				
	<u>-</u>	<u>-</u>	<u>37,772</u>	<u>37,772</u>				
<b>Financial Liabilities Not Measured at Fair Value</b>								
Loans and borrowings	-	-	(695,343)	(695,343)	-	(701,681)	-	(701,681)
Trade and other payables *	-	-	(31,846)	(31,846)				
	<u>-</u>	<u>-</u>	<u>(727,189)</u>	<u>(727,189)</u>				
<b>31 December 2022</b>								
<b>Financial Assets Measured at Fair Value</b>								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	5,883	-	-	5,883	-	5,883	-	5,883
Equity investments - mandatorily at FVTPL	13,720	-	-	13,720	12,649	1,071	-	13,720
	<u>19,603</u>	<u>#</u>	<u>-</u>	<u>19,603</u>				
<b>Financial Assets Not Measured at Fair Value</b>								
Pledged bank deposits	-	-	3,899	3,899				
Trade and other receivables @	-	-	1,943	1,943				
Cash and cash equivalents	-	-	32,103	32,103				
	<u>-</u>	<u>-</u>	<u>37,945</u>	<u>37,945</u>				
<b>Financial Liabilities Not Measured at Fair Value</b>								
Loans and borrowings	-	-	(700,420)	(700,420)	-	(706,793)	-	(706,793)
Trade and other payables *	-	-	(34,551)	(34,551)				
	<u>-</u>	<u>-</u>	<u>(734,971)</u>	<u>(734,971)</u>				

# Amount less than \$1,000

@ Exclude Goods and Services Tax receivables, prepayments and others.

\* Exclude provision for other long-term employee benefits, Goods and Services Tax payables and other liabilities.

**Hong Fok Corporation Limited And Its Subsidiaries**

Company	Carrying Amount		Fair Value			
	Amortised		Level 1	Level 2	Level 3	Total
	Cost	Total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2023</b>						
<b>Financial Assets Not Measured at Fair Value</b>						
Trade and other receivables @	-	-				
Amounts due from subsidiaries	218,989	218,989				
Cash and cash equivalents	1,474	1,474				
	<u>220,463</u>	<u>220,463</u>				
<b>Financial Liabilities Not Measured at Fair Value</b>						
Amounts due to subsidiaries	(311,701)	(311,701)				
Trade and other payables	(1,379)	(1,379)				
	<u>(313,080)</u>	<u>(313,080)</u>				
<b>31 December 2022</b>						
<b>Financial Assets Not Measured at Fair Value</b>						
Trade and other receivables @	-	-				
Amounts due from subsidiaries	225,317	225,317				
Cash and cash equivalents	1,482	1,482				
	<u>226,799</u>	<u>226,799</u>				
<b>Financial Liabilities Not Measured at Fair Value</b>						
Amounts due to subsidiaries	(309,402)	(309,402)				
Trade and other payables	(1,390)	(1,390)				
	<u>(310,792)</u>	<u>(310,792)</u>				

@ Exclude prepayments and others.

**6 Related Party Transactions**

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

**7 Tax Expense**

Group	6 Months Ended 30.06.2023 \$'000	6 Months Ended 30.06.2022 \$'000
Current tax expense	1,758	2,789
Deferred tax expense	(13)	80
	<u>1,745</u>	<u>2,869</u>

## 8 Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2023 was based on the consolidated profit attributable to ordinary shareholders for the period of approximately \$6,843,000 (2022: \$9,093,000); and the weighted average number of ordinary shares outstanding of 641,771,150 (2022: 660,982,967), 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 30.06.2023	6 Months Ended 30.06.2022
	No. of Shares	No. of Shares
Issued ordinary shares	870,612,140	870,612,140
Effect of ordinary shares held by an investee and treasury shares	(228,840,990)	(209,629,173)
Weighted average number of ordinary shares during the period	<u>641,771,150</u>	<u>660,982,967</u>

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.

## 9 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 30.06.2023 \$'000	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2023 \$'000	6 Months Ended 30.06.2022 \$'000
Ordinary dividend paid:				
First and final dividend of 1.0 cent (2022: first and final dividend of 1.0 cent) per ordinary share	6,417	6,560	8,193	8,336

## 10 Net Asset Value

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares held by the Company and ordinary shares held by an investee (cents)	345	345	93	94
Number of shares	<u>641,707,508</u>	<u>641,802,708</u>	<u>819,297,140</u>	<u>819,392,340</u>

## 11 Property, Plant and Equipment

During the six months ended 30 June 2023, the Group acquired assets of approximately \$135,000 (2022: \$242,000) and disposed of assets with net book values of approximately \$60,000 (2022: \$3,000).

**12 Investment Properties**

<b>Group</b>	<b>30.06.2023</b> <b>\$'000</b>	<b>31.12.2022</b> <b>\$'000</b>
At beginning of the period/year	3,391,541	3,200,358
Additions arising from subsequent expenditure recognised in carrying amount	-	70
Disposal	(1,900)	-
Write back of accrued expenses	-	(4,008)
Changes in fair value	-	197,339
Translation differences	2,640	(2,218)
At end of the period/year	<u>3,392,281</u>	<u>3,391,541</u>

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 since 2017 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 2023 and 31 December 2022, the Group's investment properties with carrying values of approximately \$3,360,409,000 (2022: \$3,357,781,000) are mortgaged for certain credit facilities granted to the Group (see Note 16).

**Measurement of fair value**

External valuation of the investment properties is conducted at least once a year. As at 31 December 2022, the carrying amounts of the investment properties were based on valuations performed by the external, independent valuers.

As at 30 June 2023, 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 2023 as there is no significant change to the market conditions.

**13 Development Properties**

During the six months ended 30 June 2023, completed development properties for sale of approximately \$4,197,000 (2022: \$12,452,000) were recognised as an expense and included in the 'Cost of sales of development properties'.

As at 30 June 2023 and 31 December 2022, the Group's development properties with carrying values of approximately \$118,109,000 (2022: \$122,306,000) are mortgaged for certain credit facilities granted to the Group (see Note 16).

**14 Cash and Cash Equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2023</b> <b>\$'000</b>	<b>31.12.2022</b> <b>\$'000</b>	<b>30.06.2023</b> <b>\$'000</b>	<b>31.12.2022</b> <b>\$'000</b>
Cash at banks and in hand	6,246	5,838	1,474	1,482
Deposits	29,606	30,164	-	-
Cash and cash equivalents	<u>35,852</u>	<u>36,002</u>	<u>1,474</u>	<u>1,482</u>
Less: Pledged bank deposits (non-current)	(3,926)	(3,899)	-	-
Cash and cash equivalents (current)	<u>31,926</u>	<u>32,103</u>	<u>1,474</u>	<u>1,482</u>
Less: Restricted cash	(#)	(#)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>31,926</u>	<u>32,103</u>	<u>1,474</u>	<u>1,482</u>

# Amount less than \$1,000

## Hong Fok Corporation Limited And Its Subsidiaries

Pledged bank deposits represent bank balances of certain subsidiaries pledged as security for certain credit facilities granted to the Group (see Note 16).

### 15 Share Capital

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
<b>Issued and Fully Paid Ordinary Shares, with no Par Value, excluding Treasury Shares</b>				
At beginning of the period/year	641,802,708	667,085,108	819,392,340	844,674,740
Share buyback	(95,200)	(25,282,400)	(95,200)	(25,282,400)
At end of the period/year	641,707,508	641,802,708	819,297,140	819,392,340

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

	Group		Company	
	No. of Shares	\$'000	No. of Shares	\$'000
At 1 January 2022	203,527,032	120,377	25,937,400	19,327
Share buyback	17,266,300	15,288	17,266,300	15,288
At 30 June 2022	220,793,332	135,665	43,203,700	34,615
At 1 January 2023	228,809,432	143,573	51,219,800	42,523
Share buyback	95,200	97	95,200	97
At 30 June 2023	228,904,632	143,670	51,315,000	42,620

As at 30 June 2023, the Company held 51,315,000 treasury shares (2022: 43,203,700) which represent approximately 6.3% (2022: 5.2%) of the total number of issued shares (excluding treasury shares) of 819,297,140 (2022: 827,408,440).

The Company did not have any subsidiary holdings, outstanding options and convertibles as at 30 June 2023 and 30 June 2022.

### 16 Loans and Borrowings

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
Singapore dollar secured bank loans	648,268	651,733	-	-
Hong Kong dollar secured bank loans	18,706	22,399	-	-
Hong Kong dollar unsecured bonds	39,490	39,284	-	-
Deferred day one gain on Hong Kong dollar unsecured bonds	(909)	(419)	-	-
Unamortised transaction costs	(7,767)	(8,755)	-	-
Unamortised imputed interest on unsecured bonds	(2,445)	(3,822)	-	-
	695,343	700,420	-	-

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

**17 Acquisition of Non-controlling Interests (“NCI”)**

In April 2022, the Group acquired an additional 5.47% interest in Hong Fok Land International Limited (“HFLIL”), increasing its effective interest from approximately 43.53% to approximately 49.00%. The carrying amount of HFLIL’s net assets in the Group’s consolidated financial statements on the date of the acquisition was \$566,441,000.

	<b>HFLIL \$’000</b>
Carrying amount of NCI acquired	30,984
Consideration paid for acquisition of NCI	<u>(7,986)</u>
Increase in equity attributable to Owners of the Company	<u><u>22,998</u></u>

The increase in equity attributable to Owners of the Company comprised:

- an increase in retained profit of \$23,163,000; and
- a decrease in the capital and other reserves of \$165,000.

**18 Subsequent Events**

There are no known subsequent events which have 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 2023 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 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 \$50.8 million for this period as compared to approximately \$55.6 million in the previous corresponding period. The decrease in revenue of approximately \$4.8 million was mainly due to decrease in sales of the residential units in Concourse Skyline but this was cushioned by increases in rental income of its properties mainly from the hotel, YOTEL Singapore Orchard Road ("YOTEL") and property management income.

The Group's other income decreased mainly due to less grants given by the Singapore Government and no wage subsidy given by the Hong Kong Government in this period.

The decrease in depreciation expense arose mainly from the disposal of furniture in the sales of the residential units in Concourse Skyline during the second half of 2022.

The changes in fair value of other investments at fair value through profit or loss was higher for this period mainly due to the higher fair value gain in the valuation of its quoted equity investments and debt investments as at 30 June 2023 as compared to the previous corresponding period.

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

The increase in maintenance expenses for this period as compared to the previous corresponding period was mainly due to the increase in property management costs which resulted from higher property management income, the increase in maintenance fees charged by managing agent and the surge in electricity prices for its properties.

The decrease in professional fees was mainly due to the once-off legal and professional costs incurred in the previous corresponding period for the acquisition of non-controlling interests as disclosed in Note 17.

There was an increase in rental commission as compared to the previous corresponding period due to more leases of its properties being introduced by real estate agents.

The decrease in net exchange gain for this period as compared to the previous corresponding period was mainly due to the more pronounced weakening of the Singapore dollar in the previous corresponding period for its investments in securities and cash and cash equivalents denominated in United States dollar and Hong Kong dollar.

The increase in finance income was mainly due to interest income from deposits placed with financial institutions at higher interest rates and the deferred day one gain on Hong Kong dollar unsecured bonds recognised in this current period.

The increase in finance expense was mainly due to higher interest rates on its secured loans.

The decrease in tax expense in this period was mainly due to less profit contributions from companies in a tax-paying status.

Overall, the Group posted a profit of approximately \$6.3 million as compared to approximately \$8.2 million in the previous corresponding period.

Consequently, the Group's profit attributable to Owners of the Company was approximately \$6.8 million as compared to approximately \$9.1 million in the previous corresponding period.

The net decrease in property, plant and equipment was mainly due to its depreciation.

## Hong Fok Corporation Limited And Its Subsidiaries

The decrease in right-of-use assets was mainly due to the depreciation of office units and warehouse in Hong Kong.

The increase in other assets was mainly due to write back of impairment loss in the current period for club memberships.

The decrease in other investments was mainly due to disposal of certain investments during this period, cushioned by fair value gain on valuation of its other investments as at 30 June 2023.

The decrease in development properties was due to the sales of the residential units in Concourse Skyline.

The decrease in lease liabilities was mainly due to monthly payments of lease commitments.

The decrease in current tax liabilities was mainly due to the net effect in provision of tax for this period and the instalment payments of tax for 2022.

**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 Group expects the tourism and hospitality industry outlook to remain positive and is optimistic on the performance of YOTEL despite some challenges in areas like staff recruitment and other fixed operating costs.

Global macroeconomic headwinds and continued corporates' cost cutting exercises could result in a decline in occupancy rate for office units with some companies looking to cut back space by home working and hot-desking. This can affect the occupancy rate of our office leases, but rental income of the Group's investment properties is likely to remain healthy.

In the aftermath of the late April 2023 property cooling measures which doubled to 60% the Additional Buyer's Stamp Duty rate on foreigners acquiring any residential property in Singapore, foreign buying has declined. This will affect our sales of the residential units in Concourse Skyline. However, the Group is expected to continue to recognise revenue from the sales of the residential units in Concourse Skyline for the second half of 2023.

**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 the dividend is payable.**

Not applicable.

**(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.**

Not applicable.

## Hong Fok Corporation Limited And Its Subsidiaries

**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 2023. 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 six months ended 30 June 2023 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

Tan Ching Chek  
Koh Chay Tiang  
Company Secretaries  
14 August 2023