

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Second Quarter Financial Statement Announcement for the Period Ended 30 June 2015

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.

Second quarter financial statement on consolidated results for the period ended 30 June 2015.
These figures have not been audited.

	The Group		
	\$'000		%
	2nd Quarter 2015	2nd Quarter 2014	Increase/ (Decrease)
Revenue (Note 1)	15,320	13,964	10
Other income	291	147	98
	15,611	14,111	11
Depreciation of property, plant and equipment	(125)	(82)	52
Exchange gain, net	30	5	500
Gain on disposal of subsidiary	-	27,517	NM
Impairment loss (made)/written back on other assets	(25)	17	NM
Impairment loss on trade and other receivables and bad debts written off, net	(122)	-	NM
(Loss)/Gain on remeasurement of other assets	(41)	167	NM
Other expenses	(10,231)	(9,884)	4
	5,097	31,851	(84)
Finance expense	(5,213)	(5,155)	1
	(116)	26,696	NM
Share of results of associate and joint venture, net of tax	#	-	NM
(Loss)/Profit before income tax	(116)	26,696	NM
Income tax expense	(714)	(791)	(10)
(Loss)/Profit for the period	(830)	25,905	NM
(Loss)/Profit attributable to:			
Owners of the Company	(109)	8,936	NM
Non-controlling interests	(721)	16,969	NM
(Loss)/Profit for the period	(830)	25,905	NM
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences realised on disposal of subsidiary	-	(146)	NM
Exchange differences on translation of financial statements of foreign subsidiaries	(7,863)	(2,725)	189
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(842)	(306)	175
Change in fair value of available-for-sale investments	233	(11)	NM
Other comprehensive income for the period, net of income tax	(8,472)	(3,188)	166
Total comprehensive income for the period	(9,302)	22,717	NM
Total comprehensive income attributable to:			
Owners of the Company	(2,368)	8,100	NM
Non-controlling interests	(6,934)	14,617	NM
Total comprehensive income for the period	(9,302)	22,717	NM

Amount less than \$1,000.

Notes:

- (1) Included in Revenue is investment income of approximately \$Nil (2014 : \$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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Non-current Assets				
Property, plant and equipment	2,126	2,131	-	-
Subsidiaries	-	-	204,250	207,808
Associate and joint venture	#	#	-	-
Investment properties	2,216,360	2,193,456	-	-
Other assets	1,086	821	-	-
Pledged bank deposits	3,340	4,856	-	-
	2,222,912	2,201,264	204,250	207,808
Current Assets				
Other assets	583	1,282	-	-
Current tax assets	7	22	-	-
Development properties	293,504	292,332	-	-
Trade and other receivables	11,252	33,835	113	29
Amounts due from subsidiaries	-	-	258,073	253,730
Cash and cash equivalents	81,784	93,071	23,849	29,581
	387,130	420,542	282,035	283,340
Total Assets	2,610,042	2,621,806	486,285	491,148
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Treasury shares	(101,050)	(101,050)	-	-
Reserves	1,226,101	1,235,928	54,508	59,619
	1,311,739	1,321,566	241,196	246,307
Non-controlling interests	480,212	476,260	-	-
Total Equity	1,791,951	1,797,826	241,196	246,307
Non-current Liabilities				
Loans and borrowings	701,289	661,910	218,516	218,262
Trade and other payables	4,933	4,387	-	-
Deferred tax liability	990	917	-	-
	707,212	667,214	218,516	218,262
Current Liabilities				
Loans and borrowings	44,027	77,508	-	-
Current tax liabilities	7,485	12,572	-	-
Trade and other payables	59,367	66,686	4,573	4,578
Amounts due to subsidiaries	-	-	22,000	22,001
	110,879	156,766	26,573	26,579
Total Liabilities	818,091	823,980	245,089	244,841
Total Equity and Liabilities	2,610,042	2,621,806	486,285	491,148

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 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$43,836,000	\$191,000	\$77,292,000	\$216,000

Amount repayable after one year

As at 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$482,773,000	\$218,516,000	\$443,648,000	\$218,262,000

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	
2nd Quarter 2015	2nd Quarter 2014
Cash Flows from Operating Activities	
(Loss)/Profit before income tax	26,696
Adjustments for:	
Share of results of associate and joint venture, net of tax	-
Amortisation of transaction cost of loans and borrowings	577
Depreciation of property, plant and equipment	82
Gain on disposal of subsidiary	(27,517)
Impairment loss made/(written back) on other assets	(17)
Impairment loss on trade and other receivables and bad debts written off, net	-
Loss/(Gain) on remeasurement of other assets	(167)
Loss on disposal of other assets	99
Interest income	(115)
Interest expense	4,578
	5,197
Changes in working capital:	4,216
Development properties	154
Trade and other receivables	729
Trade and other payables	(10,458)
Cash generated from/(used in) operations	(5,359)
Income tax paid	(897)
Interest income received	80
Net Cash from/(used in) Operating Activities	(6,176)
Cash Flows from Investing Activities	
Capital expenditure on investment properties	(3,282)
Purchase of property, plant and equipment	(625)
Purchase of other assets	(45)
Proceeds from disposal of other assets	48
Disposal of subsidiary, net of cash	33,864
Net Cash (used in)/from Investing Activities	29,960
Cash Flows from Financing Activities	
(Increase)/Decrease in pledged bank deposits	40
Dividends paid	(9,450)
Interest expense paid	(2,039)
Repayments of loans and borrowings	(84,865)
Proceeds from loans and borrowings	7,232
Net Cash used in Financing Activities	(89,082)
Net Decrease in Cash and Cash Equivalents	(65,298)
Cash and cash equivalents at 1 April	178,578
Effect of exchange rate fluctuations on cash held	(91)
Cash and Cash Equivalents at 30 June	113,189
Cash and Cash Equivalents at 30 June is represented by:	
Cash at banks and in hand	55,039
Fixed deposits	58,150
Pledged bank deposits	-
	81,784
	113,189

Amount less than \$1,000.

Included in cash and cash equivalents as at 30 June 2014 was an amount held under the Housing Developers (Project Account) Rules of approximately \$23,156,000 the use of which is subject to restriction imposed by the said Rules.

Summary of Effect of Disposal of Subsidiary

	The Group
	\$'000
	2nd Quarter 2014
Development properties	2,009
Trade and other receivables	8
Cash and cash equivalents	1
Trade and other payables	(97)
Inter-company loans	(9,468)
	(7,547)
Realisation of reserves	(146)
Assignment of inter-company loans	9,468
Net assets disposed	1,775
Gain on disposal of subsidiary	27,517
Direct expenses	4,573
Sale consideration	33,865
Cash of subsidiary disposed	(1)
	33,864
Cash inflow on disposal of subsidiary	33,864

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						Non-Controlling Interests	Total Equity
	Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit	Total		
The Group								
At 1 April 2014	186,688	3,211	(101,050)	(43,390)	1,239,144	1,284,603	447,805	1,732,408
Total comprehensive income for the period								
Profit for the period	-	-	-	-	8,936	8,936	16,969	25,905
Other comprehensive income								
Exchange differences realised on disposal of subsidiary	-	-	-	(146)	-	(146)	-	(146)
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(376)	2	(374)	(2,351)	(2,725)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(306)	-	(306)	-	(306)
Change in fair value of available-for-sale investments	-	(10)	-	-	-	(10)	(1)	(11)
Total other comprehensive income	-	(10)	-	(828)	2	(836)	(2,352)	(3,188)
Total comprehensive income for the period	-	(10)	-	(828)	8,938	8,100	14,617	22,717
Transaction with Owners, recorded directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(9,450)	(9,450)	-	(9,450)
At 30 June 2014	186,688	3,201	(101,050)	(44,218)	1,238,632	1,283,253	462,422	1,745,675
At 1 April 2015	186,688	3,367	(101,050)	(34,223)	1,271,926	1,326,708	487,146	1,813,854
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(109)	(109)	(721)	(830)
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	(17)	-	(1,514)	-	(1,531)	(6,332)	(7,863)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(842)	-	(842)	-	(842)
Change in fair value of available-for-sale investments	-	114	-	-	-	114	119	233
Total other comprehensive income	-	97	-	(2,356)	-	(2,259)	(6,213)	(8,472)
Total comprehensive income for the period	-	97	-	(2,356)	(109)	(2,368)	(6,934)	(9,302)
Transaction with Owners, recorded directly in equity								
Distributions to Owners								
Dividends paid	-	-	-	-	(12,601)	(12,601)	-	(12,601)
At 30 June 2015	186,688	3,464	(101,050)	(36,579)	1,259,216	1,311,739	480,212	1,791,951
The Company								
At 1 April 2014	186,688	-	-	-	41,022	227,710	-	227,710
Profit for the period - Total comprehensive income for the period	-	-	-	-	10,908	10,908	-	10,908
Transaction with Owners, recorded directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(11,872)	(11,872)	-	(11,872)
At 30 June 2014	186,688	-	-	-	40,058	226,746	-	226,746
At 1 April 2015	186,688	-	-	-	85,114	271,802	-	271,802
Loss for the period - Total comprehensive income for the period	-	-	-	-	(14,777)	(14,777)	-	(14,777)
Transaction with Owners, recorded directly in equity								
Distributions to Owners								
Dividends paid	-	-	-	-	(15,829)	(15,829)	-	(15,829)
At 30 June 2015	186,688	-	-	-	54,508	241,196	-	241,196

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.

Nil.

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	
30.06.2015	31.12.2014
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 2014.

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	
2nd Quarter 2015	2nd Quarter 2014
(0.02) cts	1.42 cts
(0.02) cts	1.42 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated loss for the period of approximately \$109,000 (2014 : profit of \$8,936,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2014 : 630,020,501) which excludes ordinary shares held by an investee.

There are no potential dilutive ordinary shares in existence as at 30 June 2015 and 30 June 2014.

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	
30.06.2015	31.12.2014	30.06.2015	31.12.2014
208 cts	210 cts	30 cts	31 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 increased from approximately \$14.0 million to \$15.3 million mainly due to increase in contribution of rental income from the leasing of the residential units of Concourse Skyline during this period as compared to the previous period.

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

In the second quarter of 2014, the Group's investee disposed the entire issued share capital of its wholly owned subsidiary which resulted in a gain on disposal. With the absence of this gain, the Group recognised a loss of approximately \$0.8 million in the current period as compared to a profit of \$25.9 million in the previous period.

The increase in other assets (non-current) was mainly due to a net increase in its fair value.

The decrease in other assets (current) was mainly due to the disposal of short-term investments.

The decrease in trade and other receivables was due to the release of the 5% sales monies of the residential units of Concourse Skyline by the Singapore Academy of Law upon expiration of the defects liability period of Concourse Skyline in March 2015.

The net decrease in cash and cash equivalents was mainly due to the payment of dividend to shareholders.

The Group has reclassified certain secured loans in Hong Kong from current liabilities in 2014 to non-current liabilities in 2015 as a result of the loan being refinanced in the current 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 be from rental income of its investment and development properties. Sales of residential units will continue to remain 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/recommendeded for the second quarter ended 30 June 2015.

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.

BY ORDER OF THE BOARD

Koh Chay Tiang
Lo Swee Oi
Company Secretaries
14 August 2015



HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Directors of Hong Fok Corporation Limited ("the Company") confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Second Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
14 August 2015