

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

First Quarter Financial Statement Announcement for the Period Ended 31 March 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.

First quarter financial statement on consolidated results for the period ended 31 March 2015.
These figures have not been audited.

	The Group		
	\$'000		%
	1st Quarter 2015	1st Quarter 2014	Increase/ (Decrease)
Revenue (Note 1)	15,632	53,389	(71)
Other income (Note 2)	330	358	(8)
	15,962	53,747	(70)
Cost of sales of development properties	-	(30,329)	NM
Depreciation of property, plant and equipment	(106)	(59)	80
Loss on remeasurement of other assets	(4)	(150)	(97)
Impairment loss on trade and other receivables and bad debts written off, net	-	(6)	NM
Impairment loss on other assets	-	(35)	NM
Other expenses	(10,299)	(9,271)	11
	5,553	13,897	(60)
Finance expense	(4,874)	(4,727)	3
	679	9,170	(93)
Share of results of associate and joint venture, net of tax	(1)	-	NM
Profit before income tax (Note 3)	678	9,170	(93)
Income tax expense	(400)	(1,548)	(74)
Profit for the period	278	7,622	(96)
Profit attributable to:			
Owners of the Company	853	6,972	(88)
Non-controlling interests	(575)	650	NM
Profit for the period	278	7,622	(96)
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	14,084	(1,485)	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	1,508	(132)	NM
Change in fair value of available-for-sale investments	44	(3)	NM
Other comprehensive income for the period, net of income tax	15,636	(1,620)	NM
Total comprehensive income for the period	15,914	6,002	165
Total comprehensive income attributable to:			
Owners of the Company	5,106	7,820	(35)
Non-controlling interests	10,808	(1,818)	NM
Total comprehensive income for the period	15,914	6,002	165

Notes:

- (1) Included in Revenue is investment income of approximately \$5,000 (2014 : \$4,000).
- (2) Included in Other income is net gain on disposal of property, plant and equipment of approximately \$Nil (2014 : \$40,000).
- (3) Included in Profit before income tax is net profit on sale of development properties of approximately \$Nil (2014 : \$9,015,000).
- (4) NM – Not Meaningful.
- (5) NA – Not Applicable.

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	\$'000		\$'000	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Non-current Assets				
Property, plant and equipment	2,195	2,131	-	-
Subsidiaries	-	-	234,055	207,808
Associate and joint venture	#	#	-	-
Investment properties	2,215,598	2,193,456	-	-
Other assets	893	821	-	-
Pledged bank deposits	3,008	4,856	-	-
	2,221,694	2,201,264	234,055	207,808
Current Assets				
Other assets	627	1,282	-	-
Current tax assets	23	22	-	-
Development properties	294,240	292,332	-	-
Trade and other receivables	12,645	33,835	46	29
Amounts due from subsidiaries	-	-	255,988	253,730
Cash and cash equivalents	106,664	93,071	24,071	29,581
	414,199	420,542	280,105	283,340
Total Assets	2,635,893	2,621,806	514,160	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	1,241,070	1,235,928	85,114	59,619
	1,326,708	1,321,566	271,802	246,307
Non-controlling interests	487,146	476,260	-	-
Total Equity	1,813,854	1,797,826	271,802	246,307
Non-current Liabilities				
Loans and borrowings	667,599	661,910	218,389	218,262
Trade and other payables	4,387	4,387	-	-
Deferred tax liability	1,014	917	-	-
	673,000	667,214	218,389	218,262
Current Liabilities				
Loans and borrowings	79,134	77,508	-	-
Current tax liabilities	12,915	12,572	-	-
Trade and other payables	56,990	66,686	1,968	4,578
Amounts due to subsidiaries	-	-	22,001	22,001
	149,039	156,766	23,969	26,579
Total Liabilities	822,039	823,980	242,358	244,841
Total Equity and Liabilities	2,635,893	2,621,806	514,160	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 31.03.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$78,924,000	\$210,000	\$77,292,000	\$216,000

Amount repayable after one year

As at 31.03.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$449,210,000	\$218,389,000	\$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	
	1st Quarter 2015	1st Quarter 2014
Cash Flows from Operating Activities		
Profit before income tax	678	9,170
Adjustments for:		
Share of results of associate and joint venture, net of tax	1	-
Amortisation of transaction cost of loans and borrowings	360	441
Depreciation of property, plant and equipment	106	59
Loss on remeasurement of other assets	4	150
Loss on disposal of other assets	5	8
Loss/(Gain) on disposal of property, plant and equipment, net	3	(40)
Impairment loss on other assets	-	35
Impairment loss on trade and other receivables and bad debts written off, net	-	6
Interest income	(144)	(45)
Interest expense	4,514	4,286
	5,527	14,070
Changes in working capital:		
Development properties	(173)	88,607
Trade and other receivables	21,312	(1,990)
Trade and other payables	(6,858)	(5,701)
Cash generated from operations	19,808	94,986
Income tax paid	-	(93)
Interest income received	154	59
Net Cash from Operating Activities	19,962	94,952
Cash Flows from Investing Activities		
Capital expenditure on investment properties	(5,410)	(5,212)
Purchase of property, plant and equipment	(146)	(513)
Proceeds from disposal of property, plant and equipment	-	95
Proceeds from disposal of other assets	652	13
Net Cash used in Investing Activities	(4,904)	(5,617)
Cash Flows from Financing Activities		
Decrease in pledged bank deposits	1,925	38
Interest expense paid	(7,846)	(7,012)
Payment of acquisition of ownership interests in subsidiaries with no change in control	-	(554)
Repayments of loans and borrowings	(2,441)	(4,775)
Proceeds from loans and borrowings	6,445	64,157
Proceeds from shares issued under share option scheme	83	-
Net Cash (used in)/from Financing Activities	(1,834)	51,854
Net Increase in Cash and Cash Equivalents	13,224	141,189
Cash and cash equivalents at 1 January	93,071	37,469
Effect of exchange rate fluctuations on cash held	369	(80)
Cash and Cash Equivalents at 31 March	106,664	178,578
Cash and Cash Equivalents at 31 March is represented by:		
Cash at banks and in hand	48,830	170,996
Fixed deposits	56,938	7,582
Pledged bank deposits	896	-
	106,664	178,578

Included in cash and cash equivalents as at 31 March 2014 was an amount held under the Housing Developers (Project Account) Rules of approximately \$110,187,000 the use of which is subject to restriction imposed by the said Rules.

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 January 2014	186,688	3,214	(101,050)	(42,831)	1,229,604	1,275,625	451,335	1,726,960
Total comprehensive income for the period								
Profit for the period	-	-	-	-	6,972	6,972	650	7,622
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(427)	1,410	983	(2,468)	(1,485)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(132)	-	(132)	-	(132)
Change in fair value of available-for-sale investments	-	(3)	-	-	-	(3)	-	(3)
Total other comprehensive income	-	(3)	-	(559)	1,410	848	(2,468)	(1,620)
Total comprehensive income for the period	-	(3)	-	(559)	8,382	7,820	(1,818)	6,002
Transactions with Owners, recorded directly in equity								
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in a subsidiary	-	-	-	-	1,158	1,158	(1,712)	(554)
Total changes in ownership interests in subsidiaries	-	-	-	-	1,158	1,158	(1,712)	(554)
Total transactions with Owners	-	-	-	-	1,158	1,158	(1,712)	(554)
At 31 March 2014	186,688	3,211	(101,050)	(43,390)	1,239,144	1,284,603	447,805	1,732,408
At 1 January 2015	186,688	3,330	(101,050)	(38,455)	1,271,053	1,321,566	476,260	1,797,826
Total comprehensive income for the period								
Profit for the period	-	-	-	-	853	853	(575)	278
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	2,724	-	2,724	11,360	14,084
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	1,508	-	1,508	-	1,508
Change in fair value of available-for-sale investments	-	21	-	-	-	21	23	44
Total other comprehensive income	-	21	-	4,232	-	4,253	11,383	15,636
Total comprehensive income for the period	-	21	-	4,232	853	5,106	10,808	15,914
Transactions with Owners, recorded directly in equity								
Changes in ownership interests in subsidiaries								
Share options exercised	-	16	-	-	20	36	78	114
Total changes in ownership interests in subsidiaries	-	16	-	-	20	36	78	114
Total transactions with Owners	-	16	-	-	20	36	78	114
At 31 March 2015	186,688	3,367	(101,050)	(34,223)	1,271,926	1,326,708	487,146	1,813,854
The Company								
At 1 January 2014	186,688	-	-	-	42,131	228,819	-	228,819
Loss for the period - Total comprehensive income for the period	-	-	-	-	(1,109)	(1,109)	-	(1,109)
At 31 March 2014	186,688	-	-	-	41,022	227,710	-	227,710
At 1 January 2015	186,688	-	-	-	59,619	246,307	-	246,307
Profit for the period - Total comprehensive income for the period	-	-	-	-	25,495	25,495	-	25,495
At 31 March 2015	186,688	-	-	-	85,114	271,802	-	271,802

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.

The Company	
31.03.2015	31.12.2014
791,465,621	791,465,621

Total number of issued shares excluding treasury shares

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.

The Group	
1st Quarter 2015	1st Quarter 2014
0.14 cts	1.11 cts
0.14 cts	1.11 cts

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 basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$853,000 (2014 : \$6,972,000) 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 31 March 2015 and 31 March 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	
31.03.2015	31.12.2014	31.03.2015	31.12.2014
211 cts	210 cts	34 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 decreased from approximately \$53.4 million to \$15.6 million. This was mainly due to the absence of sales revenue from the residential units of Concourse Skyline although there was an increase in rental income from the leasing of the units of Concourse Skyline.

The increase in other expenses was related to property tax, maintenance expenses and rental commission.

The absence of sales revenue and the increase in other expenses resulted in the decrease in profit for the current period.

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

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

The decrease in trade and other payables was mainly due to payments of staff costs and interest expense accrued as at 31 December 2014.

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.**

Sales of residential units is likely to remain sluggish. Rental income from its investment and development properties will continue to contribute to the Group's recurring income.

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 first quarter ended 31 March 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
15 May 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 First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
15 May 2015