

**HONG FOK CORPORATION LIMITED**

(Co. Reg. No. 196700468N)

**Second Quarter Financial Statement for the Period Ended 30 June 2013****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 2013.  
These figures have not been audited.

|  | The Group           |                     |                         |
|--|---------------------|---------------------|-------------------------|
|  | \$'000              |                     | %                       |
|  | 2nd Quarter<br>2013 | 2nd Quarter<br>2012 | Increase/<br>(Decrease) |
| <b>Revenue</b> (Note 1)  | 71,085              | 30,209              | 135                     |
| Other income (Note 2)  | 95                  | 75                  | 27                      |
|  | 71,180              | 30,284              | 135                     |
| Cost of sales of development properties  | (43,588)            | (14,801)            | 194                     |
| Depreciation of fixed assets   | (91)                | (61)                | 49                      |
| Exchange loss, net   | (1)                 | -                   | NM                      |
| Gain/(loss) on remeasurement of other investments  | 63                  | (9)                 | NM                      |
| Impairment loss on trade and other receivables and bad debts written off, net                      | -                   | (29)                | NM                      |
| Impairment loss on other assets  | (16)                | -                   | NM                      |
| Other expenses   | (6,841)             | (8,057)             | (15)                    |
|  | 20,706              | 7,327               | 183                     |
| Finance expense  | (4,452)             | (2,300)             | 94                      |
|  | 16,254              | 5,027               | 223                     |
| Share of results of associates, net of tax   | (76)                | (610)               | (88)                    |
| <b>Profit before income tax</b> (Note 3)   | 16,178              | 4,417               | 266                     |
| Income tax expense   | (2,643)             | (697)               | 279                     |
| <b>Profit for the period attributable to Owners of the Company</b>                                 | 13,535              | 3,720               | 264                     |
| <b>Other comprehensive income</b>  |                     |                     |                         |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                              |                     |                     |                         |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | 3,143               | 1,057               | 197                     |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries     | 636                 | 334                 | 90                      |
| Change in fair value of available-for-sale investments   | -                   | (269)               | NM                      |
| <b>Other comprehensive income for the period, net of income tax</b>                                | 3,779               | 1,122               | 237                     |
| <b>Total comprehensive income for the period attributable to Owners of the Company</b>             | 17,314              | 4,842               | 258                     |

## Notes:

- (1) Included in Revenue is investment income of approximately \$4,000 (2012 : \$2,000).
- (2) Included in Other income is net loss on disposal of fixed asset of approximately \$1,000 (2012 : gain of \$10,000)
- (3) Included in Profit before income tax is net profit on sale of development properties of approximately \$15,888,000 (2012 : \$4,461,000).
- (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      |            |
|   | 30.06.2013 | 31.12.2012 | 30.06.2013  | 31.12.2012 |
| <b>Non-current Assets</b>                           |            |            |             |            |
| Fixed assets  | 348        | 253        | -           | -          |
| Subsidiaries  | -          | -          | 420,740     | 232,111    |
| Associates  | 170,929    | 165,164    | -           | -          |
| Investment properties                               | 1,306,626  | 1,305,499  | -           | -          |
| Other assets  | 63,844     | 377        | -           | -          |
|   | 1,541,747  | 1,471,293  | 420,740     | 232,111    |
| <b>Current Assets</b>                               |            |            |             |            |
| Other investments                                   | 1,668      | 448        | -           | -          |
| Development properties                              | 348,652    | 291,058    | -           | -          |
| Trade and other receivables                         | 4,049      | 8,354      | 26          | 3          |
| Cash and cash equivalents                           | 76,233     | 72,805     | 32,083      | 310        |
|   | 430,602    | 372,665    | 32,109      | 313        |
| <b>Total Assets</b>                                 | 1,972,349  | 1,843,958  | 452,849     | 232,424    |
| <b>Equity Attributable to Owners of the Company</b> |            |            |             |            |
| Share capital                                       | 186,688    | 186,688    | 186,688     | 186,688    |
| Reserves  | 1,043,062  | 1,018,075  | 43,215      | 43,101     |
| <b>Total Equity</b>                                 | 1,229,750  | 1,204,763  | 229,903     | 229,789    |
| <b>Non-current Liabilities</b>                      |            |            |             |            |
| Trade and other payables                            | 3,286      | 1,453      | -           | -          |
| Loans and borrowings                                | 690,129    | 592,232    | 217,501     | -          |
| Financial guarantees                                | -          | -          | 23          | 542        |
| Deferred tax liability                              | 6,344      | 3,895      | -           | -          |
|   | 699,759    | 597,580    | 217,524     | 542        |
| <b>Current Liabilities</b>                          |            |            |             |            |
| Bank overdraft                                      | -          | 694        | -           | -          |
| Trade and other payables                            | 41,011     | 38,689     | 4,387       | 1,067      |
| Obligations under finance leases                    | -          | 11         | -           | -          |
| Financial guarantees                                | -          | -          | 1,035       | 1,026      |
| Tax payable   | 1,829      | 2,221      | -           | -          |
|   | 42,840     | 41,615     | 5,422       | 2,093      |
| <b>Total Liabilities</b>                            | 742,599    | 639,195    | 222,946     | 2,635      |
| <b>Total Equity and Liabilities</b>                 | 1,972,349  | 1,843,958  | 452,849     | 232,424    |

**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 30.06.2013 |           | As at 31.12.2012 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| -                | -         | \$705,000        | -         |

**Amount repayable after one year**

| As at 30.06.2013 |               | As at 31.12.2012 |           |
|------------------|---------------|------------------|-----------|
| Secured          | Unsecured     | Secured          | Unsecured |
| \$472,628,000    | \$217,501,000 | \$592,232,000    | -         |

**Details of any collaterals**

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

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<br>2013 | 2nd Quarter<br>2012 |
| <b>Operating Activities</b>   |                     |                     |
| Profit before income tax  | 16,178              | 4,417               |
| Adjustments for:  |                     |                     |
| Share of results of associates, net of tax                                    | 76                  | 610                 |
| Amortisation of transaction cost of loans and borrowings                      | 436                 | 187                 |
| Depreciation of fixed assets  | 91                  | 61                  |
| (Gain)/Loss on remeasurement of other investments                             | (63)                | 9                   |
| Impairment loss on other assets   | 16                  | -                   |
| Impairment loss on trade and other receivables and bad debts written off, net | -                   | 29                  |
| Loss/(Gain) on disposal of fixed assets, net                                  | 1                   | (10)                |
| Loss on disposal of other assets  | 10                  | -                   |
| Interest income   | (41)                | (18)                |
| Interest expense  | 4,016               | 2,113               |
|   | 20,720              | 7,398               |
| Changes in working capital:   |                     |                     |
| Development properties  | (42,255)            | 6,874               |
| Trade and other receivables   | 1,128               | (1,895)             |
| Trade and other payables  | 2,267               | 5,000               |
| Cash (used in)/generated from operations                                      | (18,140)            | 17,377              |
| Income tax paid   | (1,900)             | (2,163)             |
| Interest income received  | 30                  | 18                  |
| <b>Cash Flows from Operating Activities</b>                                   | (20,010)            | 15,232              |
| <b>Investing Activities</b>   |                     |                     |
| Capital expenditure on investment properties                                  | (780)               | (182)               |
| Purchase of fixed assets  | (82)                | (116)               |
| Proceeds from disposal of fixed assets  | -                   | 53                  |
| Proceeds from disposal of other assets  | 1                   | -                   |
| <b>Cash Flows from Investing Activities</b>                                   | (861)               | (245)               |
| <b>Financing Activities</b>   |                     |                     |
| Interest expense paid   | (1,632)             | (2,220)             |
| Dividend paid   | (4,749)             | -                   |
| Payment of finance lease rentals  | (1)                 | (11)                |
| Proceeds from loans and borrowings  | 82                  | -                   |
| Repayment of loans and borrowings   | (14,500)            | (3,000)             |
| <b>Cash Flows from Financing Activities</b>                                   | (20,800)            | (5,231)             |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>                   | (41,671)            | 9,756               |
| Cash and cash equivalents at 1 April  | 117,899             | 54,069              |
| Effect of exchange rate fluctuations  | 5                   | 1                   |
| <b>Cash and Cash Equivalents at 30 June</b>                                   | 76,233              | 63,826              |
| <b>Cash and Cash Equivalents at 30 June is represented by:</b>                |                     |                     |
| Cash at banks and in hand   | 20,233              | 1,459               |
| Fixed deposits  | 56,000              | 63,000              |
| Bank overdraft  | -                   | (633)               |
|   | 76,233              | 63,826              |

Included in cash and cash equivalents as at 30 June 2013 is an amount held under the Housing Developers (Project Account) Rules of approximately \$42,208,000 (2012 : \$63,446,000) 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   |               |                            |                      |                 |   |
|--|---------------|----------------------------|----------------------|-----------------|---|
|  | Share Capital | Capital and Other Reserves | Translation Reserves | Retained Profit | Total Attributable to Owners of the Company |
| <b>The Group</b>   |               |                            |                      |                 |   |
| At 1 April 2012  | 186,688       | 2,640                      | (54,964)             | 1,000,896       | 1,135,260                                   |
| <b>Total comprehensive income for the period</b>   |               |                            |                      |                 |   |
| Profit for the period  | -             | -                          | -                    | 3,720           | 3,720                                       |
| <b>Other comprehensive income</b>  |               |                            |                      |                 |   |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                              |               |                            |                      |                 |   |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | -             | -                          | 1,057                | -               | 1,057                                       |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries     | -             | -                          | 334                  | -               | 334   |
| Change in fair value of available-for-sale investments   | -             | (269)                      | -                    | -               | (269)                                       |
| Total other comprehensive income   | -             | (269)                      | 1,391                | -               | 1,122                                       |
| <b>Total comprehensive income for the period</b>   | -             | (269)                      | 1,391                | 3,720           | 4,842                                       |
| At 30 June 2012  | 186,688       | 2,371                      | (53,573)             | 1,004,616       | 1,140,102                                   |
| At 1 April 2013  | 186,688       | 2,371                      | (56,698)             | 1,084,824       | 1,217,185                                   |
| <b>Total comprehensive income for the period</b>   |               |                            |                      |                 |   |
| Profit for the period  | -             | -                          | -                    | 13,535          | 13,535                                      |
| <b>Other comprehensive income</b>  |               |                            |                      |                 |   |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                              |               |                            |                      |                 |   |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | -             | -                          | 3,143                | -               | 3,143                                       |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries     | -             | -                          | 636                  | -               | 636   |
| Total other comprehensive income   | -             | -                          | 3,779                | -               | 3,779                                       |
| <b>Total comprehensive income for the period</b>   | -             | -                          | 3,779                | 13,535          | 17,314                                      |
| <b>Transactions with Owners, recognised directly in equity</b>                                     |               |                            |                      |                 |   |
| <b>Distributions to Owners:</b>  |               |                            |                      |                 |   |
| Dividend   | -             | -                          | -                    | (4,749)         | (4,749)                                     |
| <b>Total transactions with Owners</b>  | -             | -                          | -                    | (4,749)         | (4,749)                                     |
| At 30 June 2013  | 186,688       | 2,371                      | (52,919)             | 1,093,610       | 1,229,750                                   |
| <b>The Company</b>   |               |                            |                      |                 |   |
| At 1 April 2012  | 186,688       | -                          | -                    | 44,478          | 231,166                                     |
| Profit for the period - Total comprehensive income for the period                                  | -             | -                          | -                    | 860             | 860   |
| At 30 June 2012  | 186,688       | -                          | -                    | 45,338          | 232,026                                     |
| At 1 April 2013  | 186,688       | -                          | -                    | 43,154          | 229,842                                     |
| Profit for the period - Total comprehensive income for the period                                  | -             | -                          | -                    | 4,810           | 4,810                                       |
| Dividend   | -             | -                          | -                    | (4,749)         | (4,749)                                     |
| At 30 June 2013  | 186,688       | -                          | -                    | 43,215          | 229,903                                     |

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

| 30.06.2013  | 31.12.2012  |
|-------------|-------------|
| 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.**

Except as disclosed in paragraph 5 below, 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 2012.

- 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.**

The Group has adopted various new/revised Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning on 1 January 2013. The adoption of these new/revised FRS (including consequential amendments) are not expected to have any significant impact on the financial statements of the Group.

- 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<br>2013 | 2nd Quarter<br>2012 |
| 1.71 cts            | 0.47 cts            |
| 1.71 cts            | 0.47 cts            |

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$13,535,000 (2012 : \$3,720,000) and the weighted average number of ordinary shares outstanding of 791,465,621 (2012 : 791,465,621).

There are no potential dilutive ordinary shares in existence as at 30 June 2013 and 30 June 2012.

**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

| The Group  |            | The Company |            |
|------------|------------|-------------|------------|
| 30.06.2013 | 31.12.2012 | 30.06.2013  | 31.12.2012 |
| 155 cts    | 152 cts    | 29 cts      | 29 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 by approximately \$40.9 million to approximately \$71.1 million. This was due mainly to the recognition of more sales revenue from the residential units of Concourse Skyline based on the percentage of completion method.

The increase in the Group's other income was from compensation income relating to the leases of its investment properties and interest income but were partially offset by loss on disposal of fixed assets and other assets in the current period.

With the increased sales revenue from the residential units of Concourse Skyline, the Group recorded a corresponding increase in the cost of sales of these properties.

The gain on remeasurement of other investments was due to the recorded bid price being higher in the current period as compared to the previous period.

The decrease in the Group's other expenses was due mainly to lower professional fees incurred and lower operating expenses such as property tax from revised annual values for prior years and rental commission.

The increase in finance expense was due mainly to higher interest rates and an increase in loans and borrowings in this period as compared to that in the second quarter of 2012.

The loss from associates decreased by approximately \$0.5 million in the current period.

The Group recorded an increase in income tax expense due mainly to the recognition of profit from Concourse Skyline and payment of income tax expense for prior years pending finalisation with the tax authorities.

The Group's profit for the period, therefore, increased by approximately \$9.8 million as compared to the previous period.

The increase in other assets was due mainly to the payment of development charge by its wholly owned subsidiary in respect of the proposed additions and alterations to the existing International Building involving an extension of a single storey commercial block and redevelopment of the existing car park block to a new 27 storey hotel on Lot 956X at 360 Orchard Road and Lot 1719L at Claymore Hill, Town Subdivision 25 (Orchard Planning Area).

The Group recorded an increase in other investments due to acquisitions of quoted equity securities in the first quarter of 2013 and the recorded bid price being higher than that as at 31 December 2012.

The increase in development properties was due mainly to additional construction costs incurred for Concourse Skyline.

As at 30 June 2013, there were no amount due from purchasers and no advance payment to contractors. This resulted in a decrease in trade and other receivables as compared to that as at 31 December 2012. However, this decrease was partially offset by deposits made for the purchase of certain units at International Building.

The increase in loans and borrowings was due mainly to the drawdown of \$220 million of fixed rate notes from the Medium Term Notes Programme, offset by the net repayment of bank loans of \$120.4 million.

The increase in trade and other payables was due to sum payable to contractors for work done on properties under development.

The Group also recorded an increase in deferred tax liability which was in line with the recognition of profits from Concourse Skyline based on the percentage of completion method.

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 expects the office rental revenue to remain stable.

The Group will continue to recognise revenue from the sold residential units of Concourse Skyline based on the percentage of completion method.

In February 2013, a wholly owned subsidiary of the Company obtained Grant of Written Permission from the Urban Redevelopment Authority and paid a development charge (See paragraph 8 above). With this proposed redevelopment, the Group expects an increase in the revaluation of these said properties within the next 12 months.

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.**

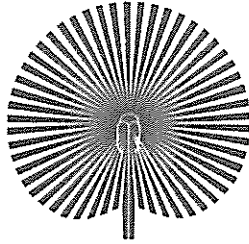
No dividend has been declared/recommendeded for the second quarter ended 30 June 2013.

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  
Dorothy Ho  
Company Secretaries  
14 August 2013



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 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Kim Pong

Cheong Hooi Kheng

Singapore  
14 August 2013