

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Second Quarter Financial Statement Announcement for the Period Ended 30 June 2014

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 2014.
These figures have not been audited.

| | The Group | | % |
|--|---------------------|-----------------------------------|-------------------------|
| | \$'000 | | |
| | 2nd Quarter 2014 | 2nd Quarter 2013 (Restated) | Increase/ (Decrease) |
| Revenue (Note 1) | 13,964 | 72,937 | (81) |
| Other income (Note 2) | 48 | 123 | (61) |
| | 14,012 | 73,060 | (81) |
| Cost of sales of development properties | - | (43,588) | NM |
| Depreciation of fixed assets | (82) | (116) | (29) |
| Exchange gain/(loss), net | 5 | (7) | NM |
| Gain on disposal of subsidiary, net (Note 3) | 27,517 | - | NM |
| Gain on remeasurement of other investments | 167 | 38 | 339 |
| Impairment loss written back/(made) on other assets | 17 | (16) | NM |
| Other expenses | (9,785) | (9,131) | 7 |
| | 31,851 | 20,240 | 57 |
| Finance expense | (5,155) | (4,714) | 9 |
| Profit before income tax (Note 4) | 26,696 | 15,526 | 72 |
| Income tax expense | (791) | (2,781) | (72) |
| Profit for the period | 25,905 | 12,745 | 103 |
| Profit attributable to: | | | |
| Owners of the Company | 8,756 | 12,566 | (30) |
| Non-controlling interests | 17,149 | 179 | 9,480 |
| Profit for the period | 25,905 | 12,745 | 103 |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries | (3,190) | 7,051 | NM |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | (306) | 636 | NM |
| Net change in capital and other reserves | 308 | - | NM |
| Other comprehensive income for the period, net of income tax | (3,188) | 7,687 | NM |
| Total comprehensive income for the period | 22,717 | 20,432 | 11 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 7,920 | 13,836 | (43) |
| Non-controlling interests | 14,797 | 6,596 | 124 |
| Total comprehensive income for the period | 22,717 | 20,432 | 11 |

Notes:

- (1) Included in Revenue is investment income of approximately \$5,000 (2013 : \$5,000).
- (2) Included in Other income is net loss on disposal of fixed assets of approximately \$Nil (2013 : \$3,000).
- (3) Included in Gain on disposal of subsidiary is transaction costs of approximately \$4,573,000.
- (4) Included in Profit before income tax is net profit on sale of development properties of approximately \$Nil (2013 : \$15,888,000).
- (5) NM – Not Meaningful.
- (6) 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 | |
| | 30.06.2014 | 31.12.2013 (Restated) | 30.06.2014 | 31.12.2013 |
| Non-current Assets | | | | |
| Fixed assets | 1,562 | 624 | - | - |
| Subsidiaries | - | - | 416,393 | 431,625 |
| Investment properties | 2,112,661 | 2,096,825 | - | - |
| Other assets | 603 | 750 | - | - |
| | 2,114,826 | 2,098,199 | 416,393 | 431,625 |
| Current Assets | | | | |
| Other investments | 1,417 | 1,402 | - | - |
| Development properties | 290,912 | 443,093 | - | - |
| Trade and other receivables | 68,064 | 19,122 | 39 | 7 |
| Cash and cash equivalents | 113,257 | 37,615 | 32,919 | 20,077 |
| | 473,650 | 501,232 | 32,958 | 20,084 |
| Total Assets | 2,588,476 | 2,599,431 | 449,351 | 451,709 |
| Equity Attributable to Owners of the Company | | | | |
| Share capital | 186,688 | 186,688 | 186,688 | 186,688 |
| Reserves | 1,289,235 | 1,282,087 | 40,058 | 42,131 |
| | 1,475,923 | 1,468,775 | 226,746 | 228,819 |
| Non-controlling interests | 269,752 | 258,185 | - | - |
| Total Equity | 1,745,675 | 1,726,960 | 226,746 | 228,819 |
| Non-current Liabilities | | | | |
| Trade and other payables | 6,666 | 7,626 | - | - |
| Loans and borrowings | 771,259 | 327,144 | 218,009 | 217,755 |
| Deferred tax liability | - | 7,028 | - | - |
| | 777,925 | 341,798 | 218,009 | 217,755 |
| Current Liabilities | | | | |
| Trade and other payables | 49,774 | 58,922 | 4,573 | 4,593 |
| Loans and borrowings | 4,552 | 469,575 | - | - |
| Financial guarantees | - | - | 23 | 542 |
| Tax payable | 10,550 | 2,176 | - | - |
| | 64,876 | 530,673 | 4,596 | 5,135 |
| Total Liabilities | 842,801 | 872,471 | 222,605 | 222,890 |
| Total Equity and Liabilities | 2,588,476 | 2,599,431 | 449,351 | 451,709 |

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 30.06.2014 | | As at 31.12.2013 (Restated) | |
|------------------|-----------|-----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$4,552,000 | - | \$469,575,000 | - |

Amount repayable after one year

| As at 30.06.2014 | | As at 31.12.2013 (Restated) | |
|------------------|---------------|-----------------------------|---------------|
| Secured | Unsecured | Secured | Unsecured |
| \$553,250,000 | \$218,009,000 | \$109,389,000 | \$217,755,000 |

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 2014 | 2nd Quarter 2013 (Restated) |
| Operating Activities | | |
| Profit before income tax | 26,696 | 15,526 |
| Adjustments for: | | |
| Amortisation of transaction cost of loans and borrowings | 577 | 436 |
| Depreciation of fixed assets | 82 | 116 |
| Gain on remeasurement of other investments | (167) | (38) |
| Gain on disposal of subsidiary, net | (27,517) | - |
| Loss on disposal of fixed assets, net | - | 3 |
| Loss on disposal of other assets | 99 | 10 |
| Impairment loss (written back)/made on other assets | (17) | 16 |
| Interest income | (115) | (43) |
| Interest expense | 4,578 | 4,278 |
| | 4,216 | 20,304 |
| Changes in working capital: | | |
| Development properties | 154 | (42,266) |
| Trade and other receivables | 729 | 1,371 |
| Trade and other payables | (10,458) | 2,248 |
| Cash used in operations | (5,359) | (18,343) |
| Income tax paid | (897) | (1,906) |
| Interest income received | 80 | 32 |
| Net Cash Used In Operating Activities | (6,176) | (20,217) |
| Investing Activities | | |
| Capital expenditure on investment properties | (3,282) | (789) |
| Purchase of fixed assets | (625) | (115) |
| Purchase of other assets | (45) | - |
| Proceeds from disposal of other assets | 48 | 1 |
| Disposal of subsidiary, net of cash | 33,864 | - |
| Net Cash From/(Used In) Investing Activities | 29,960 | (903) |
| Financing Activities | | |
| Interest expense paid | (2,039) | (1,897) |
| Dividend paid | (9,450) | (3,780) |
| Payment of finance lease rentals | - | (1) |
| Repayment of loans and borrowings | (84,865) | (16,027) |
| Proceeds from loans and borrowings | 7,232 | 3,354 |
| Net Cash Used In Financing Activities | (89,122) | (18,351) |
| Net Decrease in Cash and Cash Equivalents | (65,338) | (39,471) |
| Cash and cash equivalents at 1 April | 178,686 | 133,105 |
| Effect of exchange rate fluctuations | (91) | 367 |
| Cash and Cash Equivalents at 30 June | 113,257 | 94,001 |
| Cash and Cash Equivalents at 30 June is represented by: | | |
| Cash at banks and in hand | 55,107 | 29,983 |
| Fixed deposits | 58,150 | 64,018 |
| | 113,257 | 94,001 |

Included in cash and cash equivalents as at 30 June 2014 is an amount held under the Housing Developers (Project Account) Rules of approximately \$23,156,000 (2013 : \$42,208,000) 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 | 170 |
| Assignment of inter-company loans | 9,468 |
| Net assets disposed | 2,091 |
| Gain on disposal of subsidiary, before transaction costs | 32,090 |
| Exchange difference | (316) |
| Sale consideration | 33,865 |
| Cash of subsidiary disposed | (1) |
| 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 2013, as previously reported | 186,688 | 2,371 | - | (56,698) | 1,084,824 | 1,217,185 | - | 1,217,185 |
| Effect of adopting FRS 110 | - | - | (101,050) | 13,975 | (10,336) | (97,411) | 270,102 | 172,691 |
| At 1 April 2013, as restated | 186,688 | 2,371 | (101,050) | (42,723) | 1,074,488 | 1,119,774 | 270,102 | 1,389,876 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period, restated | - | - | - | - | 12,566 | 12,566 | 179 | 12,745 |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries | - | - | - | (12,672) | 13,306 | 634 | 6,417 | 7,051 |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | - | - | - | 636 | - | 636 | - | 636 |
| Total other comprehensive income | - | - | - | (12,036) | 13,306 | 1,270 | 6,417 | 7,687 |
| Total comprehensive income for the period, restated | - | - | - | (12,036) | 25,872 | 13,836 | 6,596 | 20,432 |
| Transactions with Owners, recognised directly in equity | | | | | | | | |
| Distributions to Owners | | | | | | | | |
| Dividend paid | - | - | - | - | (3,780) | (3,780) | - | (3,780) |
| At 30 June 2013, as restated | 186,688 | 2,371 | (101,050) | (54,759) | 1,096,580 | 1,129,830 | 276,698 | 1,406,528 |
| At 1 April 2014 | 186,688 | 3,211 | (101,050) | (40,983) | 1,429,587 | 1,477,453 | 254,955 | 1,732,408 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | - | - | - | - | 8,756 | 8,756 | 17,149 | 25,905 |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries | - | - | - | (1,186) | 666 | (520) | (2,670) | (3,190) |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | - | - | - | (306) | - | (306) | - | (306) |
| Net change in capital and other reserves | - | (10) | - | - | - | (10) | 318 | 308 |
| Total other comprehensive income | - | (10) | - | (1,492) | 666 | (836) | (2,352) | (3,188) |
| Total comprehensive income for the period | - | (10) | - | (1,492) | 9,422 | 7,920 | 14,797 | 22,717 |
| Transactions with Owners, recognised directly in equity | | | | | | | | |
| Distributions to Owners | | | | | | | | |
| Dividend paid | - | - | - | - | (9,450) | (9,450) | - | (9,450) |
| At 30 June 2014 | 186,688 | 3,201 | (101,050) | (42,475) | 1,429,559 | 1,475,923 | 269,752 | 1,745,675 |
| The Company | | | | | | | | |
| At 1 April 2013 | 186,688 | - | - | - | 43,154 | 229,842 | - | 229,842 |
| Profit for the period - Total comprehensive income for the period | - | - | - | - | 4,810 | 4,810 | - | 4,810 |
| Transaction with Owners, recognised directly in equity | | | | | | | | |
| Distributions to Owners | | | | | | | | |
| Dividend paid | - | - | - | - | (4,749) | (4,749) | - | (4,749) |
| At 30 June 2013 | 186,688 | - | - | - | 43,215 | 229,903 | - | 229,903 |
| 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, recognised 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 |

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 | |
|-------------|-------------|
| 30.06.2014 | 31.12.2013 |
| 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.

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 2013.

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 2014. These FRS, amendments to FRS and interpretations are set out below:

Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect any significant financial impact on its financial position from the adoption of amendment to FRS 32.

FRS 110 Consolidated Financial Statements, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Group is required under FRS 110 to consolidate Winfoong International Limited and its subsidiaries as well as Hong Fok Land International Limited and its subsidiaries.

In accordance with FRS 110, this change in accounting policy was applied retrospectively. Accordingly, the effects of the Group's financial statements arising from the adoption of FRS 110 are as follows:

| | Group | |
|--|-------------------------|-------------------------|
| | '\$000 | |
| | 2014 | 2013 |
| | Increase/ (Decrease) | Increase/ (Decrease) |
| <u>Balance sheet as at 1 January</u> | | |
| Capital and other reserves | 5 | 554 |
| Treasury shares | (101,050) | (101,050) |
| Translation reserves | 12,768 | 14,639 |
| Retained profit | (6,335) | (10,335) |
| Non-controlling interests | 258,185 | 266,844 |
| Total Equity | 163,573 | 170,652 |
| <u>Balance sheet as at 31 December</u> | | |
| Non-current Assets | | |
| Fixed assets | - | 328 |
| Associates | - | (184,524) |
| Investment properties | - | 383,700 |
| Other assets | - | 399 |
| Current Assets | | |
| Other investments | - | 112 |
| Development properties | - | 42,756 |
| Trade and other receivables | - | 14,314 |
| Cash and cash equivalents | - | 15,480 |
| Total Assets | - | 272,565 |
| Non-current Liabilities | | |
| Loans and borrowings | - | 101,728 |
| Current Liabilities | | |
| Trade and other payables | - | 6,040 |
| Loans and borrowings | - | 1,257 |
| Tax payable | - | (33) |
| Total Liabilities | - | 108,992 |
| Net Assets | - | 163,573 |
| <u>Income statement for the period ended 30 June</u> | | |
| Revenue | - | 1,852 |
| Other income | - | 28 |
| Depreciation of fixed assets | - | 25 |
| Exchange loss, net | - | 6 |
| Gain on remeasurement of other investments | - | (25) |
| Other expenses | - | 2,290 |
| Finance expenses | - | 262 |
| Share of results of associates, net of tax | - | 76 |
| Income tax expense | - | 138 |
| Non-controlling interests | - | (179) |
| Profit attributable to owners of the Company | - | (969) |
| Increase in basic earnings per share (cents) | - | 0.28 |
| Increase in diluted earnings per share (cents) | - | 0.28 |

FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

As FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard.

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 | |
|---------------------|-----------------------------------|
| 2nd Quarter 2014 | 2nd Quarter 2013 (Restated) |
| 1.39 cts | 1.99 cts |
| 1.39 cts | 1.99 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 \$8,756,000 (2013 : \$12,566,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2013 : 630,020,501) which excludes ordinary shares held by an investee.

There are no potential dilutive ordinary shares in existence as at 30 June 2014 and 30 June 2013.

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.

| The Group | | The Company | |
|------------|--------------------------|-------------|------------|
| 30.06.2014 | 31.12.2013 (Restated) | 30.06.2014 | 31.12.2013 |
| 234 cts | 233 cts | 29 cts | 29 cts |

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

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 by approximately \$58.9 million due to no recognition of sales revenue from the residential units of Concourse Skyline for the current period.

The decrease in the Group's other income was due mainly to the loss on disposal of a club membership.

In the current period, the Group's investee disposed the entire issued share capital of its wholly owned subsidiary which resulted in a gain on disposal.

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 Group recorded a decrease in income tax expense due to certain gains not subject to tax.

The Group's profit for the period therefore, increased by approximately \$13.2 million.

The increase in fixed assets was due mainly to the purchase of motor vehicles.

The decrease in other assets was due mainly to the disposal of a club membership.

The decrease in development properties was due mainly to the receipt of Temporary Occupation Permit (TOP) for Concourse Skyline in March 2014.

The increase in trade and other receivables was due mainly to the recognition of the remaining 15% of sales consideration as accrued receivables upon receipt of TOP for Concourse Skyline. This increase was partially offset by the reclassification of progress payments made for the acquisition of 8 residential units to investment properties upon receipt of its TOP in March 2014.

The increase in cash and cash equivalents was due mainly from collection of progress payments upon receipt of TOP for Concourse Skyline and monies drawdown from the development charge loan facility in March 2014.

The Group recorded a decrease in trade and other payables due mainly to payment made to creditors and contractors.

The Group has refinanced its secured loans due in the third quarter of 2014, thus resulting in the reclassification of the said loans from current liabilities to non-current liabilities.

The increase in tax payable was mainly due to the TOP for Concourse Skyline. This also explained for the absence of deferred tax liability 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 expects rental revenue from the office units to remain stable.

With the leasing of its retail and residential units of Concourse Skyline, the Group expects the rental revenue from the residential units to improve.

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.

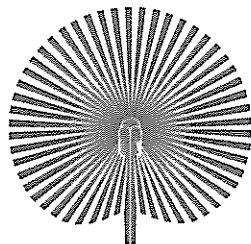
No dividend has been declared/recommendeded for the second quarter ended 30 June 2014.

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 2014



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 2014 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 2014