

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

Condensed Interim Financial Statements
For The Six Months Ended 30 June 2022

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**A. Condensed Interim Consolidated Statement Of Comprehensive Income
For The Six Months Ended 30 June 2022**

Group	Note	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2021 \$'000	Increase/ (Decrease) %
Revenue	4	55,606	42,758	30
Other income		151	271	(44)
		<u>55,757</u>	<u>43,029</u>	30
Commitment fee on unutilised bank facilities		(710)	(766)	(7)
Cost of sales of development properties		(13,580)	(7,087)	92
Depreciation of property, plant and equipment		(512)	(455)	13
Depreciation of right-of-use assets		(202)	(506)	(60)
Employee benefit expenses		(9,684)	(9,227)	5
Exchange gain, net		625	537	16
Changes in fair value of other investments at fair value through profit or loss		107	1,042	(90)
Impairment loss written back/(Impairment loss) on trade receivables, net		5	(30)	NM
Impairment loss written back on other assets		9	10	(10)
Maintenance expenses		(4,101)	(4,295)	(5)
Lease expenses		(102)	(99)	3
Professional fees		(745)	(711)	5
Property tax		(2,884)	(3,150)	(8)
Rental commission		(330)	(366)	(10)
Other expenses		(2,865)	(1,694)	69
		<u>20,788</u>	<u>16,232</u>	28
Finance income		221	246	(10)
Finance expense		(9,969)	(10,776)	(7)
Net finance expense		<u>(9,748)</u>	<u>(10,530)</u>	(7)
Profit before tax (Note)		11,040	5,702	94
Tax expense	7	(2,869)	(2,103)	36
Profit for the period		<u>8,171</u>	<u>3,599</u>	127
Profit/(Loss) attributable to:				
Owners of the Company		9,093	5,050	80
Non-controlling interests		(922)	(1,451)	(36)
Profit for the period		<u>8,171</u>	<u>3,599</u>	127
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		11,312	6,914	64
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		666	404	65
Other comprehensive income for the period, net of tax *		<u>11,978</u>	<u>7,318</u>	64
Total comprehensive income for the period		<u>20,149</u>	<u>10,917</u>	85
Total comprehensive income attributable to:				
Owners of the Company		14,104	7,908	78
Non-controlling interests		6,045	3,009	101
Total comprehensive income for the period		<u>20,149</u>	<u>10,917</u>	85
Earnings per share (cents):				
Basic	8	1.38	0.76	
Diluted	8	1.38	0.76	

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

Note:

Included in Profit before tax is net profit on sale of development properties of approximately \$7,246,000 (2021: \$3,117,000).

NM – Not Meaningful.

**B. Condensed Interim Statements Of Financial Position
As At 30 June 2022**

	Note	Group		Company	
		30.06.2022 \$'000	31.12.2021 \$'000	30.06.2022 \$'000	31.12.2021 \$'000
Non-current Assets					
Property, plant and equipment	11	2,600	2,856	-	-
Right-of-use assets		685	869	-	-
Subsidiaries		-	-	853,278	853,278
Associate and joint venture		#	#	-	-
Investment properties	12	3,213,042	3,200,358	-	-
Other assets		264	254	-	-
Other investments		#	#	-	-
Pledged bank deposits		3,764	3,617	-	-
Deferred tax assets		866	796	-	-
		<u>3,221,221</u>	<u>3,208,750</u>	<u>853,278</u>	<u>853,278</u>
Current Assets					
Other investments		19,023	21,695	-	-
Development properties	13	145,647	158,099	-	-
Trade and other receivables		4,843	4,184	76	27
Amounts due from subsidiaries		-	-	205,386	328,571
Cash and cash equivalents	14	63,159	74,284	1,876	1,315
		<u>232,672</u>	<u>258,262</u>	<u>207,338</u>	<u>329,913</u>
Total Assets		<u>3,453,893</u>	<u>3,467,012</u>	<u>1,060,616</u>	<u>1,183,191</u>
Equity Attributable to Owners of the Company					
Share capital	15	186,688	186,688	186,688	186,688
Treasury shares	15	(135,665)	(120,377)	(34,615)	(19,327)
Reserves		1,964,450	1,933,908	626,285	634,773
		<u>2,015,473</u>	<u>2,000,219</u>	<u>778,358</u>	<u>802,134</u>
Non-controlling interests		591,723	616,662	-	-
Total Equity		<u>2,607,196</u>	<u>2,616,881</u>	<u>778,358</u>	<u>802,134</u>
Non-current Liabilities					
Loans and borrowings	16	641,396	665,199	-	-
Trade and other payables		11,635	11,635	-	-
Lease liabilities		310	524	-	-
Deferred tax liabilities		678	534	-	-
		<u>654,019</u>	<u>677,892</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Loans and borrowings	16	117,795	99,928	-	99,928
Trade and other payables		64,538	62,577	1,654	2,424
Lease liabilities		450	435	-	-
Contract liabilities		65	60	-	-
Amounts due to subsidiaries		-	-	280,604	278,705
Current tax liabilities		9,830	9,239	-	-
		<u>192,678</u>	<u>172,239</u>	<u>282,258</u>	<u>381,057</u>
Total Liabilities		<u>846,697</u>	<u>850,131</u>	<u>282,258</u>	<u>381,057</u>
Total Equity and Liabilities		<u>3,453,893</u>	<u>3,467,012</u>	<u>1,060,616</u>	<u>1,183,191</u>

Amount less than \$1,000

**C. Condensed Interim Statements Of Changes in Equity
For The Six Months Ended 30 June 2022**

Group	Note	Attributable to Owners of the Company					Total	Non-controlling Interests	Total Equity
		Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit			
		\$'000	\$'000	\$'000	\$'000	\$'000			
At 1 January 2021		186,688	2,139	(120,377)	(14,850)	1,912,349	1,965,949	607,481	2,573,430
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	5,050	5,050	(1,451)	3,599
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(5)	-	2,459	-	2,454	4,460	6,914
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	404	-	404	-	404
Total other comprehensive income, net of tax		-	(5)	-	2,863	-	2,858	4,460	7,318
Total comprehensive income for the period		-	(5)	-	2,863	5,050	7,908	3,009	10,917
Transactions with Owners, recorded directly in Equity									
Distributions to Owners									
Redemption of bonds issued by a subsidiary		-	(923)	-	-	-	(923)	(1,199)	(2,122)
Dividend paid	9	-	-	-	-	(6,671)	(6,671)	-	(6,671)
Total Transactions with Owners		-	(923)	-	-	(6,671)	(7,594)	(1,199)	(8,793)
At 30 June 2021		186,688	1,211	(120,377)	(11,987)	1,910,728	1,966,263	609,291	2,575,554
At 1 January 2022		186,688	1,188	(120,377)	(11,866)	1,944,586	2,000,219	616,662	2,616,881
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	9,093	9,093	(922)	8,171
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	(30)	-	4,375	-	4,345	6,967	11,312
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	666	-	666	-	666
Total other comprehensive income, net of tax		-	(30)	-	5,041	-	5,011	6,967	11,978
Total comprehensive income for the period		-	(30)	-	5,041	9,093	14,104	6,045	20,149
Transactions with Owners, recorded directly in Equity									
Distributions to Owners									
Own shares acquired	15	-	-	(15,288)	-	-	(15,288)	-	(15,288)
Dividend paid	9	-	-	-	-	(6,560)	(6,560)	-	(6,560)
Total Distributions to Owners		-	-	(15,288)	-	(6,560)	(21,848)	-	(21,848)
Change in Ownership Interests in Subsidiaries									
Acquisition of non-controlling interests without a change in control	17	-	(165)	-	-	23,163	22,998	(30,984)	(7,986)
Total Change in Ownership Interests in Subsidiaries		-	(165)	-	-	23,163	22,998	(30,984)	(7,986)
Total Transactions with Owners		-	(165)	(15,288)	-	16,603	1,150	(30,984)	(29,834)
At 30 June 2022		186,688	993	(135,665)	(6,825)	1,970,282	2,015,473	591,723	2,607,196

Hong Fok Corporation Limited And Its Subsidiaries

Company	Note	Share Capital \$'000	Treasury Shares \$'000	Retained Profit \$'000	Total \$'000
At 1 January 2021		186,688	(19,327)	644,123	811,484
Loss and total comprehensive income for the period		-	-	(225)	(225)
Transaction with Owners, recorded directly in Equity					
<i>Distributions to Owners</i>					
Dividend paid	9	-	-	(8,447)	(8,447)
Total Transaction with Owners		-	-	(8,447)	(8,447)
At 30 June 2021		186,688	(19,327)	635,451	802,812
At 1 January 2022		186,688	(19,327)	634,773	802,134
Loss and total comprehensive income for the period		-	-	(152)	(152)
Transactions with Owners, recorded directly in Equity					
<i>Distributions to Owners</i>					
Own shares acquired	15	-	(15,288)	-	(15,288)
Dividend paid	9	-	-	(8,336)	(8,336)
Total Transactions with Owners		-	(15,288)	(8,336)	(23,624)
At 30 June 2022		186,688	(34,615)	626,285	778,358

**D. Condensed Interim Consolidated Statement Of Cash Flows
For The Six Months Ended 30 June 2022**

Group	Note	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2021 \$'000
Cash Flows from Operating Activities			
Profit before tax		11,040	5,702
Adjustments for:			
Depreciation of property, plant and equipment		512	455
Depreciation of right-of-use assets		202	506
Changes in fair value of other investments at fair value through profit or loss (Impairment loss written back)/Impairment loss on trade receivables, net		(107)	(1,042)
Impairment loss written back on other assets		(9)	(10)
Unrealised currency translation gain		(653)	(498)
Finance income		(221)	(246)
Finance expense		9,969	10,776
		<u>20,728</u>	<u>15,673</u>
Changes in working capital:			
Development properties		12,452	6,553
Trade and other receivables		(630)	530
Trade and other payables		22,175	11,549
Contract liabilities		5	(184)
Cash generated from operations		<u>54,730</u>	<u>34,121</u>
Tax paid		(2,236)	(2,873)
Tax refunded		37	11
		<u>52,531</u>	<u>31,259</u>
Net Cash from Operating Activities			
Cash Flows from Investing Activities			
Capital expenditure on investment properties		(42)	(57)
Decrease in restricted cash		26,009	#
Monies paid on behalf of joint offerors		(19,915)	-
Proceeds from disposal of property, plant and equipment		3	2
Proceeds from disposal of other investments		3,269	10,973
Purchase of property, plant and equipment		(242)	(390)
Purchase of other investments		-	(6,701)
Aquisition of non-controlling interests	17	(7,986)	-
Interest received		212	291
		<u>1,308</u>	<u>4,118</u>
Net Cash from Investing Activities			
Cash Flows from Financing Activities			
(Increase)/Decrease in pledged bank deposits		(136)	9,738
Interest paid		(8,556)	(7,933)
Dividend paid	9	(6,560)	(6,671)
Payment of lease liabilities		(222)	(438)
Payment of transaction costs on loans and borrowings		-	(6,299)
Repayments of loans and borrowings		(111,832)	(122,915)
Proceeds from loans and borrowings		102,300	116,055
Purchase of treasury shares	15	(15,288)	-
		<u>(40,294)</u>	<u>(18,463)</u>
Net Cash used in Financing Activities			
Net Increase in Cash and Cash Equivalents			
		13,545	16,914
Cash and cash equivalents at beginning of the period		48,246	41,138
Effect of exchange rate fluctuations on cash held		1,339	587
		<u>63,130</u>	<u>58,639</u>
Cash and Cash Equivalents at end of the period			
Cash and Cash Equivalents at 30 June is represented by:			
Cash at banks and in hand		35,500	7,376
Deposits		31,423	54,911
		<u>66,923</u>	<u>62,287</u>
Cash and cash equivalents		66,923	62,287
Less: Pledged bank deposits		(3,764)	(3,611)
		<u>63,159</u>	<u>58,676</u>
Less: Restricted cash		(29)	(37)
	14	<u>63,130</u>	<u>58,639</u>

Amount less than \$1,000

E. Notes To The Condensed Interim Financial Statements

1 Domicile and Activities

Hong Fok Corporation Limited (the “Company”) is incorporated in the Republic of Singapore. The Company’s registered office is at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

These condensed interim financial statements of the Group as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”) and the Group’s interest in equity-accounted investees.

2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

In preparing these condensed interim financial statements, significant judgements made by the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the Group’s and the Company’s audited financial statements for the year ended 31 December 2021.

2.1 New and amended standards adopted by the Group

A number of new standards and amendments to standards have become applicable for the current reporting period. The Group will not have to change its accounting policies or make retrospective adjustments as a result of those standards.

3 Seasonal Operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment Information

The Group has 3 reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies.

The following summary describes the operations in each of the Group’s reportable segments:

- *Property investment* – includes investments in investment properties
- *Property development and construction* – sale of residential units and development of properties
- *Property management* – provides maintenance and management services

Other operations include investment holding, investment trading and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2022 or 2021.

These operating segments are reported in a manner consistent with internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Information about reportable segments

Group	Property	Property	Property	Other	Total
	Investment	Development and Construction	Management	Operations	
	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2022 to 30 June 2022					
External revenue	31,188	23,023	877	518	55,606
Inter-segment revenue	291	-	227	1,759	2,277
Finance income	28	12	-	181	221
Finance expense	(8,672)	(800)	-	(497)	(9,969)
Reportable segment profit/(loss) before tax	7,705	7,124	(265)	(3,524)	11,040
Tax expense					(2,869)
Profit for the period					8,171
Other material non-cash items:					
- Depreciation and amortisation	(2,307)	(275)	(7)	(372)	(2,961)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	107	107
- Impairment loss written back on trade receivables, net	5	-	-	-	5
- Impairment loss written back on other assets	9	-	-	-	9
Capital expenditure:					
- Investment properties	42	-	-	-	42
- Property, plant and equipment	9	6	1	226	242
Reportable segment assets	3,221,624	171,121	625	59,657	3,453,027
Deferred tax assets					866
Total assets					3,453,893
Reportable segment liabilities	691,025	101,610	447	43,107	836,189
Deferred tax liabilities					678
Current tax liabilities					9,830
Total liabilities					846,697
1 January 2021 to 30 June 2021					
External revenue	28,001	12,818	1,374	565	42,758
Inter-segment revenue	291	704	333	1,768	3,096
Finance income	23	2	-	221	246
Finance expense	(8,924)	(1,075)	-	(777)	(10,776)
Reportable segment profit/(loss) before tax	4,189	3,109	101	(1,697)	5,702
Tax expense					(2,103)
Profit for the period					3,599
Other material non-cash items:					
- Depreciation and amortisation	(3,327)	(559)	(11)	(695)	(4,592)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	1,042	1,042
- Impairment loss on trade receivables, net	(17)	(13)	-	-	(30)
- Impairment loss written back on other assets	10	-	-	-	10
Capital expenditure:					
- Investment properties	57	-	-	-	57
- Property, plant and equipment	29	5	4	352	390
Reportable segment assets	3,172,085	172,982	749	80,588	3,426,404
Deferred tax assets					729
Current tax assets					445
Total assets					3,427,578
Reportable segment liabilities	662,792	103,852	514	76,048	843,206
Deferred tax liabilities					406
Current tax liabilities					8,412
Total liabilities					852,024

4.2 Disaggregation of revenue

Group	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2021 \$'000
Revenue		
Gross dividend income from investments	518	565
Rental income from		
– investment properties	26,755	23,419
– development properties	1,425	1,721
Hiring charges from		
– investment properties	67	73
– development properties	641	748
Maintenance fee from		
– investment properties	4,036	4,219
– development properties	131	145
Revenue from contracts with customers		
– Sale of completed development properties	20,826	10,204
– Property management income	877	1,374
– Car park income	330	290
	<u>55,606</u>	<u>42,758</u>
Timing of Revenue Recognition		
Products and services transferred at a point in time	21,518	11,303
Products and services transferred over time	4,682	4,929
Others	29,406	26,526
	<u>55,606</u>	<u>42,758</u>
Geographical Information		
Singapore	52,090	39,808
Hong Kong	3,516	2,950
	<u>55,606</u>	<u>42,758</u>

5 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 31 December 2021.

Group	Carrying Amount				Fair Value			
	Mandatorily at FVTPL \$'000	Designated at FVTPL \$'000	Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2022								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	5,999	-	-	5,999	-	5,999	-	5,999
Equity investments - mandatorily at FVTPL	13,024	-	-	13,024	12,004	1,020	-	13,024
	19,023	#	-	19,023				
Financial Assets Not Measured at Fair Value								
Pledged bank deposits	-	-	3,764	3,764				
Trade and other receivables @	-	-	3,383	3,383				
Cash and cash equivalents	-	-	63,159	63,159				
	-	-	70,306	70,306				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(759,191)	(759,191)	-	(704,756)	-	(704,756)
Trade and other payables *	-	-	(41,663)	(41,663)				
	-	-	(800,854)	(800,854)				
31 December 2021								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	5,739	-	-	5,739	-	5,739	-	5,739
Equity investments - mandatorily at FVTPL	15,956	-	-	15,956	14,341	1,615	-	15,956
	21,695	#	-	21,695				
Financial Assets Not Measured at Fair Value								
Pledged bank deposits	-	-	3,617	3,617				
Trade and other receivables @	-	-	3,021	3,021				
Cash and cash equivalents	-	-	74,284	74,284				
	-	-	80,922	80,922				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(765,127)	(765,127)	-	(745,221)	-	(745,221)
Trade and other payables *	-	-	(51,962)	(51,962)				
	-	-	(817,089)	(817,089)				

Amount less than \$1,000

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

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

Hong Fok Corporation Limited And Its Subsidiaries

Company	Carrying Amount		Fair Value			
	Amortised		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
	Cost \$'000	Total \$'000				
30 June 2022						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	-	-				
Amounts due from subsidiaries (non-current)	624,523	624,523				
Amounts due from subsidiaries (current)	205,386	205,386				
Cash and cash equivalents	1,876	1,876				
	<u>831,785</u>	<u>831,785</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(280,604)	(280,604)				
Trade and other payables	(1,654)	(1,654)				
	<u>(282,258)</u>	<u>(282,258)</u>				
31 December 2021						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	3	3				
Amounts due from subsidiaries (non-current)	624,523	624,523				
Amounts due from subsidiaries (current)	328,571	328,571				
Cash and cash equivalents	1,315	1,315				
	<u>954,412</u>	<u>954,412</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(278,705)	(278,705)				
Loans and borrowings	(99,928)	(99,928)	-	(100,990)	-	(100,990)
Trade and other payables	(2,424)	(2,424)				
	<u>(381,057)</u>	<u>(381,057)</u>				

@ Exclude prepayments and others.

6 Related Party Transactions

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

7 Tax Expense

Group	6 Months Ended 30.06.2022	6 Months Ended 30.06.2021
	\$'000	\$'000
Current tax expense	2,789	2,120
Deferred tax expense	80	(17)
	<u>2,869</u>	<u>2,103</u>

8 Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2022 was based on the consolidated profit attributable to ordinary shareholders for the period of approximately \$9,093,000 (2021: \$5,050,000); and the weighted average number of ordinary shares outstanding of 660,982,967 (2021: 667,085,108), which excludes treasury shares held by the Company and also ordinary shares held by an investee, calculated as follows:

Weighted average number of ordinary shares

Group	6 Months Ended 30.06.2022	6 Months Ended 30.06.2021
	No. of Shares	No. of Shares
Issued ordinary shares including treasury shares	870,612,140	870,612,140
Effect of treasury shares held by the Company and ordinary shares held by an investee	(209,629,173)	(203,527,032)
Weighted average number of ordinary shares during the period	<u>660,982,967</u>	<u>667,085,108</u>

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.

9 Dividend

A first and final tax exempt (one-tier) dividend in respect of the previous financial year was paid by the Group and the Company as follows:

	Group		Company	
	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2021 \$'000	6 Months Ended 30.06.2022 \$'000	6 Months Ended 30.06.2021 \$'000
Ordinary dividend paid: First and final dividend of 1.0 cent (2021: first and final dividend of 1.0 cent) per ordinary share	6,560	6,671	8,336	8,447

10 Net Asset Value

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares held by the Company and ordinary shares held by an investee (cents)	310	300	94	95
Number of shares	<u>649,818,808</u>	<u>667,085,108</u>	<u>827,408,440</u>	<u>844,674,740</u>

11 Property, Plant and Equipment

During the six months ended 30 June 2022, the Group acquired assets of approximately \$242,000 (2021: \$390,000) and disposed of assets with net book values of approximately \$3,000 (2021: \$2,000).

12 Investment Properties

Group	30.06.2022 \$'000	31.12.2021 \$'000
At beginning of the period/year	3,200,358	3,156,538
Additions arising from subsequent expenditure recognised in carrying amount	42	199
Changes in fair value	-	35,692
Translation differences	12,642	7,929
At end of the period/year	<u>3,213,042</u>	<u>3,200,358</u>

Investment properties comprise freehold land and buildings that include a hotel property and commercial properties, and leasehold land and buildings that include commercial properties, residential properties and parking spaces.

The hotel property is managed by a third-party hotel operator for a period of approximately sixteen years with option to renew.

The commercial and residential properties are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually one to five years. Subsequent renewals are negotiated with the lessee.

Changes in fair value are recognised as gain or loss in profit or loss. All gain or loss are unrealised.

Security

As at 30 June 2022 and 31 December 2021, the Group's investment properties with a carrying value of approximately \$3,179,182,000 (2021: \$3,166,553,000) are mortgaged for certain credit facilities granted to the Group (see Note 16).

Measurement of fair value

External valuation of the investment properties is conducted at least once a year. As at 31 December 2021, the carrying amounts of the investment properties were based on valuations performed by the external, independent valuers.

As at 30 June 2022, the Group did not engage independent valuers to determine the fair values of the investment properties. Based on Management's current assessment, the latest appraised values of investment properties are still appropriate at the reporting date of 30 June 2022 as there is no significant change to the market conditions.

13 Development Properties

During the six months ended 30 June 2022, completed development properties for sale of approximately \$12,452,000 (2021: \$6,526,000) were recognised as an expense and included in the 'Cost of sales of development properties'.

14 Cash and Cash Equivalents

	Group		Company	
	30.06.2022 \$'000	31.12.2021 \$'000	30.06.2022 \$'000	31.12.2021 \$'000
Cash at banks and in hand	35,500	43,359	1,876	1,315
Deposits	31,423	34,542	-	-
Cash and cash equivalents	<u>66,923</u>	<u>77,901</u>	<u>1,876</u>	<u>1,315</u>
Less: Pledged bank deposits	(3,764)	(3,617)	-	-
Cash and cash equivalents (current)	<u>63,159</u>	<u>74,284</u>	<u>1,876</u>	<u>1,315</u>
Less: Restricted cash	(29)	(26,038)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>63,130</u>	<u>48,246</u>	<u>1,876</u>	<u>1,315</u>

In 2021, a proposed corporate transaction contributed to a restricted cash of approximately \$26,001,000.

15 Share Capital

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Issued and Fully Paid Ordinary Shares, with no Par Value, excluding Treasury Shares				
At beginning of the period/year	667,085,108	667,085,108	844,674,740	844,674,740
Share buyback	(17,266,300)	-	(17,266,300)	-
At end of the period/year	649,818,808	667,085,108	827,408,440	844,674,740

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

	Group		Company	
	No. of Shares	\$'000	No. of Shares	\$'000
At 1 January 2021	203,527,032	120,377	25,937,400	19,327
Share buyback	-	-	-	-
At 30 June 2021	203,527,032	120,377	25,937,400	19,327
At 1 January 2022	203,527,032	120,377	25,937,400	19,327
Share buyback	17,266,300	15,288	17,266,300	15,288
At 30 June 2022	220,793,332	135,665	43,203,700	34,615

As at 30 June 2022, the Company held 43,203,700 treasury shares (2021: 25,937,400) which represent approximately 5.2% (2021: 3.1%) of the total number of issued shares (excluding treasury shares) of 827,408,440 (2021: 844,674,740).

The Company did not have any subsidiary holdings, outstanding options and convertibles as at 30 June 2022 and 30 June 2021.

16 Loans and Borrowings

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Non-current				
Singapore dollar secured bank loans	589,063	615,477	-	-
Hong Kong dollar secured bank loans	29,964	30,656	-	-
Hong Kong dollar unsecured bonds	28,900	28,232	-	-
Unamortised transaction cost	(4,947)	(6,513)	-	-
Unamortised imputed interest on unsecured bonds	(1,584)	(2,653)	-	-
	641,396	665,199	-	-
Current				
Singapore dollar secured bank loans	118,300	-	-	-
Singapore dollar unsecured fixed rate notes	-	100,000	-	100,000
Unamortised transaction cost	(505)	(72)	-	(72)
	117,795	99,928	-	99,928
	759,191	765,127	-	99,928

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

Hong Fok Corporation Limited And Its Subsidiaries

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

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

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

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

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

18 Subsequent Events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Listing Rule Appendix 7.2

1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed interim statements of financial position of Hong Fok Corporation Limited and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six months then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group posted a revenue of approximately \$55.6 million for this period as compared to approximately \$42.8 million in the previous corresponding period. The increase in revenue of approximately \$12.8 million was mainly due to increases in sales of the residential units of Concourse Skyline, net increase in rental income of its properties mainly from the hotel, YOTEL Singapore Orchard Road ("YOTEL"), but these increases were partially offset by a decrease in property management income.

The Group's other income decreased mainly due to the absence of Jobs Support Scheme pay out given by the Singapore Government in this period. However, this was cushioned by wage subsidy given by the Hong Kong Government.

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

The increase in depreciation expense arose from additions to property, plant and equipment.

The increase in net exchange gain for this period was mainly due to the weakening of the Singapore dollar for its investments in securities and cash and cash equivalents denominated in United States dollar and Hong Kong dollar.

The changes in fair value of other investments at fair value through profit or loss was lower for this period due to the lower fair value gain in the valuation of its investments as at 30 June 2022 as compared to the previous corresponding period.

The increase in other expenses was due to legal and professional costs incurred for the acquisition of non-controlling interests as disclosed in Note 17.

Overall, the Group posted a profit of approximately \$8.2 million as compared to approximately \$3.6 million in the previous corresponding period.

Consequently, the Group's profit attributable to Owners of the Company was approximately \$9.1 million as compared to approximately \$5.1 million in the previous corresponding period.

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

The decrease in other investments was mainly due to disposal of certain investments during this period.

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

The net decrease in the Group's non-current loans and borrowings was mainly due to certain secured bank loans in Singapore being reclassified from non-current liabilities in 2021 to current liabilities in 2022, as these are due for repayment in the first quarter of 2023 and the drawdown of certain secured bank loans.

The net increase in the Group's current loans and borrowings was mainly due to the above reclassification of the secured bank loans and the repayment of the unsecured fixed rate notes in the first quarter of 2022. For these secured bank loans, the Group is confident that the tenor of the loans will be extended on or before their maturity date as negotiation with the bank is in progress.

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

Hong Fok Corporation Limited And Its Subsidiaries

The increase in cash and cash equivalents in the consolidated statement of cash flows for this period was mainly due to the increase in sales monies received from the residential units of Concourse Skyline and advance subscription monies (under trade and other payables) received from an unsecured bond of HK\$65 million (approximately S\$11.5 million) that was only issued on 11 July 2022 at an interest rate of 2% p.a. maturing on 9 March 2025. This increase was offset by the repurchase of own shares by the Company, payment of dividends to shareholders and acquisition of non-controlling interests in HFLIL.

The decrease in restricted cash for this period was mainly due to monies returned to the joint offerors for their acquisition of non-controlling interests in HFLIL.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The performance of YOTEL has experienced a recovery in the first half of 2022 due to the pent-up global demand for travel. If this pent-up demand stays and the economic outlook continues to improve, the occupancy rate and room rates of YOTEL should improve.

However, the increase in energy cost and higher agents' commission cost may dampen YOTEL's contribution to the Group.

The leasing momentum of office and retail units is generally healthy and hence the occupancy rate of the Group's other investment properties is expected to remain stable.

The demand for residential market is expected to remain strong. However, rising mortgage home loans interest rates may affect market sentiments on the sales of residential properties. The Group is expected to continue to recognise revenue from the sales of the residential units in Concourse Skyline.

5 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share cents

Not applicable.

(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

6 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommendeded for the six months ended 30 June 2022. It is the Company's practice to propose any final dividend for shareholders' approval at its annual general meeting.

7 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

8 Disclosures on acquisitions and realisations of shares pursuant to Rule 706A.

In April 2022, certain wholly owned subsidiaries of the Company jointly with other shareholders of HFLIL, acquired the remaining shares held by the non-controlling shareholders of HFLIL at the price of HK\$0.56 per share.

Due to the lack of public trading market of HFLIL's shares, the share price of HK\$0.56 was determined on arm's length basis after taking into account, among other things, the latest available financial information of HFLIL, market multiples of comparable companies listed on The Stock Exchange of Hong Kong Limited and the prevailing market conditions and sentiments.

Based on the unaudited management accounts of HFLIL as at 31 March 2022, the net asset value attributable to the equity interest acquired in HFLIL was \$30,984,000.

Arising from the above transaction, the Group's effective interest in HFLIL increased from approximately 43.53% to approximately 49.00%, funded by internal financial resources and paid during this period.

9 Negative confirmation pursuant to Rule (705)(5). (Not required for announcement on full year results).

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Condensed Interim Financial Statements on the unaudited results of the Company and of the Group for the six months ended 30 June 2022 to be false or misleading in any material aspect.

10 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured the undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Tan Ching Chek
Koh Chay Tiang
Company Secretaries
11 August 2022