

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

Condensed Interim Financial Statements
For The Six Months Ended 30 June 2024

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Table of Contents

A. Condensed Interim Consolidated Statement Of Comprehensive Income	1
B. Condensed Interim Statements Of Financial Position	2
C. Condensed Interim Statements Of Changes in Equity	3
D. Condensed Interim Consolidated Statement Of Cash Flows	5
E. Notes To The Condensed Interim Financial Statements	6
F. Other Information Required By Listing Rule Appendix 7.2	14

**A. Condensed Interim Consolidated Statement Of Comprehensive Income
For The Six Months Ended 30 June 2024**

Group	Note	6 Months Ended 30.06.2024 \$'000	6 Months Ended 30.06.2023 \$'000	Increase/ (Decrease) %
Revenue	4	44,575	50,812	(12)
Other income		820	83	888
		<u>45,395</u>	<u>50,895</u>	<u>(11)</u>
Depreciation of property, plant and equipment		(236)	(426)	(45)
Depreciation of right-of-use assets		(161)	(197)	(18)
Gain on disposal of property, plant and equipment		2	14	(86)
Loss on disposal of investment property		-	(74)	NM
(Impairment loss)/Impairment loss written back on other assets		(25)	49	NM
Changes in fair value of other investments at fair value through profit or loss		(781)	1,475	NM
Cost of sales of development properties		(1,601)	(4,566)	(65)
Impairment loss on trade receivables, net		(8)	(116)	(93)
Loss on redemption of Hong Kong dollar unsecured bonds		(23)	-	NM
Commitment fee on unutilised bank facilities		(704)	(689)	2
Employee benefit expenses		(9,648)	(9,488)	2
Lease expenses		(115)	(102)	13
Maintenance expenses		(5,085)	(5,191)	(2)
Professional fees		(537)	(572)	(6)
Property tax		(3,529)	(2,964)	19
Rental commission		(252)	(404)	(38)
Exchange gain, net		500	83	502
Other expenses		(2,033)	(1,922)	6
		<u>21,159</u>	<u>25,805</u>	<u>(18)</u>
Finance income		1,349	1,097	23
Finance expense		(19,396)	(18,833)	3
Net finance expense		<u>(18,047)</u>	<u>(17,736)</u>	<u>2</u>
Profit before tax (Note)		<u>3,112</u>	<u>8,069</u>	<u>(61)</u>
Tax expense	7	(364)	(1,745)	(79)
Profit for the period		<u>2,748</u>	<u>6,324</u>	<u>(57)</u>
Profit/(Loss) attributable to:				
Owners of the Company		3,633	6,843	(47)
Non-controlling interests		(885)	(519)	71
Profit for the period		<u>2,748</u>	<u>6,324</u>	<u>(57)</u>
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		12,940	2,302	462
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		815	152	436
Other comprehensive income for the period, net of tax *		<u>13,755</u>	<u>2,454</u>	<u>461</u>
Total comprehensive income for the period		<u>16,503</u>	<u>8,778</u>	<u>88</u>
Total comprehensive income attributable to:				
Owners of the Company		9,729	7,933	23
Non-controlling interests		6,774	845	702
Total comprehensive income for the period		<u>16,503</u>	<u>8,778</u>	<u>88</u>
Earnings per share (cents):				
Basic	8	<u>0.57</u>	<u>1.07</u>	
Diluted	8	<u>0.57</u>	<u>1.07</u>	

* 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 \$609,000 (2023: \$2,124,000).

NM – Not Meaningful.

**B. Condensed Interim Statements Of Financial Position
As At 30 June 2024**

	Note	Group		Company	
		30.06.2024 \$'000	31.12.2023 \$'000	30.06.2024 \$'000	31.12.2023 \$'000
Non-current Assets					
Property, plant and equipment	11	1,478	1,484	-	-
Right-of-use assets		855	180	-	-
Subsidiaries		-	-	853,278	853,278
Investment properties	12	3,481,759	3,466,696	-	-
Other assets		292	315	-	-
Other investments		#	#	-	-
Pledged bank deposits		3,693	3,789	-	-
		<u>3,488,077</u>	<u>3,472,464</u>	<u>853,278</u>	<u>853,278</u>
Current Assets					
Other investments		14,650	16,674	-	-
Development properties	13	107,503	108,981	-	-
Trade and other receivables		3,475	3,591	74	32
Amounts due from subsidiaries		-	-	273,463	258,968
Current tax assets		4	3	-	-
Cash and cash equivalents	14	82,505	63,517	1,272	1,159
		<u>208,137</u>	<u>192,766</u>	<u>274,809</u>	<u>260,159</u>
Total Assets		<u>3,696,214</u>	<u>3,665,230</u>	<u>1,128,087</u>	<u>1,113,437</u>
Equity Attributable to Owners of the Company					
Share capital	15	186,688	186,688	186,688	186,688
Treasury shares	15	(143,670)	(143,670)	(42,620)	(42,620)
Reserves		2,249,890	2,246,578	607,535	615,499
		<u>2,292,908</u>	<u>2,289,596</u>	<u>751,603</u>	<u>759,567</u>
Non-controlling interests		610,909	604,135	-	-
Total Equity		<u>2,903,817</u>	<u>2,893,731</u>	<u>751,603</u>	<u>759,567</u>
Non-current Liabilities					
Loans and borrowings	16	695,574	712,688	-	-
Trade and other payables		10,828	10,828	-	-
Lease liabilities		535	45	-	-
Deferred tax liabilities		411	502	-	-
		<u>707,348</u>	<u>724,063</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Loans and borrowings	16	44,148	-	-	-
Trade and other payables		33,799	40,331	1,470	1,515
Lease liabilities		331	150	-	-
Contract liabilities		354	41	-	-
Amounts due to subsidiaries		-	-	375,014	352,355
Current tax liabilities		6,417	6,914	-	-
		<u>85,049</u>	<u>47,436</u>	<u>376,484</u>	<u>353,870</u>
Total Liabilities		<u>792,397</u>	<u>771,499</u>	<u>376,484</u>	<u>353,870</u>
Total Equity and Liabilities		<u>3,696,214</u>	<u>3,665,230</u>	<u>1,128,087</u>	<u>1,113,437</u>

Amount less than \$1,000.

**C. Condensed Interim Statements Of Changes in Equity
For The Six Months Ended 30 June 2024**

Group	Note	Attributable to Owners of the Company					Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
		Share Capital \$'000	Treasury Shares \$'000	Capital and Other Reserves \$'000	Translation Reserves \$'000	Retained Profit \$'000			
At 1 January 2023		186,688	(143,573)	543	(12,972)	2,181,534	2,212,220	602,452	2,814,672
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	6,843	6,843	(519)	6,324
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	-	(10)	948	-	938	1,364	2,302
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	152	-	152	-	152
Total other comprehensive income, net of tax		-	-	(10)	1,100	-	1,090	1,364	2,454
Total comprehensive income for the period		-	-	(10)	1,100	6,843	7,933	845	8,778
Transactions with Owners, recorded directly in Equity									
Distributions to Owners									
Own shares acquired	15	-	(97)	-	-	-	(97)	-	(97)
Dividend paid	9	-	-	-	-	(6,417)	(6,417)	-	(6,417)
Total Transactions with Owners		-	(97)	-	-	(6,417)	(6,514)	-	(6,514)
At 30 June 2023		186,688	(143,670)	533	(11,872)	2,181,960	2,213,639	603,297	2,816,936
At 1 January 2024		186,688	(143,670)	716	(17,323)	2,263,185	2,289,596	604,135	2,893,731
Total comprehensive income for the period									
Profit/(Loss) for the period		-	-	-	-	3,633	3,633	(885)	2,748
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		-	-	(55)	5,336	-	5,281	7,659	12,940
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		-	-	-	815	-	815	-	815
Total other comprehensive income, net of tax		-	-	(55)	6,151	-	6,096	7,659	13,755
Total comprehensive income for the period		-	-	(55)	6,151	3,633	9,729	6,774	16,503
Transaction with Owners, recorded directly in Equity									
Distribution to Owners									
Dividend paid	9	-	-	-	-	(6,417)	(6,417)	-	(6,417)
Total Transaction with Owners		-	-	-	-	(6,417)	(6,417)	-	(6,417)
At 30 June 2024		186,688	(143,670)	661	(11,172)	2,260,401	2,292,908	610,909	2,903,817

Hong Fok Corporation Limited And Its Subsidiaries

Company	Note	Share Capital \$'000	Treasury Shares \$'000	Retained Profit \$'000	Total \$'000
At 1 January 2023		186,688	(42,523)	625,147	769,312
Loss and total comprehensive income for the period		-	-	(288)	(288)
Transactions with Owners, recorded directly in Equity					
<i>Distributions to Owners</i>					
Own shares acquired	15	-	(97)	-	(97)
Dividend paid	9	-	-	(8,193)	(8,193)
Total Transactions with Owners		-	(97)	(8,193)	(8,290)
At 30 June 2023		186,688	(42,620)	616,666	760,734
At 1 January 2024		186,688	(42,620)	615,499	759,567
Profit and total comprehensive income for the period		-	-	229	229
Transaction with Owners, recorded directly in Equity					
<i>Distribution to Owners</i>					
Dividend paid	9	-	-	(8,193)	(8,193)
Total Transaction with Owners		-	-	(8,193)	(8,193)
At 30 June 2024		186,688	(42,620)	607,535	751,603

**D. Condensed Interim Consolidated Statement Of Cash Flows
For The Six Months Ended 30 June 2024**

Group	Note	6 Months Ended 30.06.2024 \$'000	6 Months Ended 30.06.2023 \$'000
Cash Flows from Operating Activities			
Profit before tax		3,112	8,069
Adjustments for:			
Depreciation of property, plant and equipment		236	426
Depreciation of right-of-use assets		161	197
Gain on disposal of property, plant and equipment		(2)	(14)
Loss on disposal of investment property		-	74
Impairment loss/(Impairment loss written back) on other assets		25	(49)
Changes in fair value of other investments at fair value through profit or loss		781	(1,475)
Impairment loss on trade receivables, net		8	116
Loss on redemption of Hong Kong dollar unsecured bonds		23	-
Unrealised currency translation gain, net		(508)	(85)
Finance income		(1,349)	(1,097)
Finance expense		19,396	18,833
		<u>21,883</u>	<u>24,995</u>
Changes in working capital:			
Development properties		1,478	4,197
Trade and other receivables		49	(398)
Trade and other payables		(7,920)	279
Contract liabilities		313	(31)
		<u>15,803</u>	<u>29,042</u>
Cash generated from operations		(1,723)	(3,822)
Tax paid		757	-
Tax refunded		<u>14,837</u>	<u>25,220</u>
Net Cash from Operating Activities			
Cash Flows from Investing Activities			
Capital expenditure on investment properties		(220)	-
Decrease/(Increase) in restricted cash		12	(#)
Proceeds from disposal of investment property		-	1,826
Proceeds from disposal of property, plant and equipment		2	74
Proceeds from disposal of other investments		6,939	2,826
Purchase of property, plant and equipment	11	(212)	(135)
Purchase of other investments		(5,171)	-
Interest received		703	611
		<u>2,053</u>	<u>5,202</u>
Net Cash from Investing Activities			
Cash Flows from Financing Activities			
Decrease/(Increase) in pledged bank deposits		121	(23)
Interest paid		(15,310)	(16,681)
Dividend paid	9	(6,417)	(6,417)
Payment of lease liabilities		(167)	(221)
Repayments of loans and borrowings		(49,239)	(73,301)
Proceeds from loans and borrowings		71,356	66,025
Purchase of treasury shares	15	-	(97)
		<u>344</u>	<u>(30,715)</u>
Net Cash from/(used in) Financing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents			
Cash and cash equivalents at beginning of the period		17,234	(293)
Effect of exchange rate fluctuations on cash and cash equivalents held		63,481	32,103
		1,766	116
Cash and Cash Equivalents at end of the period	14	<u><u>82,481</u></u>	<u><u>31,926</u></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 a company incorporated in 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 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”).

2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

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 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended accounting 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 2023.

2.1 New and amended standards adopted by the Group

A number of new accounting standards and amendments to accounting 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 periods.

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 2024 or 2023.

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 Investment \$'000	Property Development and Construction \$'000	Property Management \$'000	Other Operations \$'000	Total \$'000
1 January 2024 to 30 June 2024					
External revenue	38,072	4,463	1,526	514	44,575
Inter-segment revenue	303	-	657	1,767	2,727
Finance income	763	38	-	548	1,349
Finance expense	(18,084)	(961)	-	(351)	(19,396)
Reportable segment profit/(loss) before tax	4,174	489	152	(1,703)	3,112
Tax expense					(364)
Profit for the period					2,748
Other material non-cash items:					
- Depreciation	(150)	(26)	(6)	(215)	(397)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	(781)	(781)
- Impairment loss on trade receivables, net	(2)	(6)	-	-	(8)
- Impairment loss on other assets	(25)	-	-	-	(25)
Capital expenditure:					
- Property, plant and equipment	65	45	#	102	212
- Investment properties	220	-	-	-	220
Reportable segment assets	3,488,266	110,246	645	97,053	3,696,210
Current tax assets					4
Total assets					3,696,214
Reportable segment liabilities	700,665	35,514	949	48,441	785,569
Deferred tax liabilities					411
Current tax liabilities					6,417
Total liabilities					792,397
1 January 2023 to 30 June 2023					
External revenue	39,539	8,962	1,772	539	50,812
Inter-segment revenue	299	-	270	1,761	2,330
Finance income	535	35	-	527	1,097
Finance expense	(17,209)	(1,181)	-	(443)	(18,833)
Reportable segment profit/(loss) before tax	6,704	2,172	(24)	(783)	8,069
Tax expense					(1,745)
Profit for the period					6,324
Other material non-cash items:					
- Depreciation	(253)	(15)	(6)	(349)	(623)
- Changes in fair value of other investments at fair value through profit or loss	-	-	-	1,475	1,475
- Impairment loss on trade receivables, net	(116)	-	-	-	(116)
- Impairment loss written back on other assets	49	-	-	-	49
Capital expenditure:					
- Property, plant and equipment	49	16	1	69	135
Reportable segment assets	3,399,606	121,357	1,295	47,928	3,570,186
Deferred tax assets					856
Total assets					3,571,042
Reportable segment liabilities	653,823	47,792	750	42,956	745,321
Deferred tax liabilities					635
Current tax liabilities					8,150
Total liabilities					754,106

Amount less than \$1,000.

4.2 Disaggregation of revenue

Group	6 Months Ended 30.06.2024 \$'000	6 Months Ended 30.06.2023 \$'000
Revenue		
Gross dividend income from investments	514	539
Rental income from		
– investment properties	33,848	35,077
– development properties	1,253	1,329
Hiring charges from		
– investment properties	131	96
– development properties	892	830
Maintenance fee from		
– investment properties	3,777	4,060
– development properties	108	113
Sale of completed development properties	2,210	6,690
Property management income		
– transferred at a point in time	959	1,265
– transferred over time	567	507
Car park income	316	306
	7,937	12,941
	44,575	50,812
Timing of Revenue Recognition		
Products and services transferred at a point in time	3,485	8,261
Products and services transferred over time	4,452	4,680
	7,937	12,941
Geographical Information		
Singapore	7,937	12,941
Hong Kong	-	-
	7,937	12,941

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 2024 and 31 December 2023.

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 2024								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Equity investments - mandatorily at FVTPL	14,650	-	-	14,650	13,225	1,425	-	14,650
	<u>14,650</u>	<u>#</u>	<u>-</u>	<u>14,650</u>				
Financial Assets Not Measured at Fair Value								
Trade and other receivables @	-	-	1,828	1,828				
Pledged bank deposits	-	-	3,693	3,693				
Cash and cash equivalents	-	-	82,505	82,505				
	<u>-</u>	<u>-</u>	<u>88,026</u>	<u>88,026</u>				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(739,722)	(739,722)	-	(739,983)	-	(739,983)
Trade and other payables *	-	-	(32,175)	(32,175)				
	<u>-</u>	<u>-</u>	<u>(771,897)</u>	<u>(771,897)</u>				
31 December 2023								
Financial Assets Measured at Fair Value								
Equity investments - designated at FVTPL	-	#	-	#	-	-	#	#
Debt investments - mandatorily at FVTPL	5,934	-	-	5,934	-	5,934	-	5,934
Equity investments - mandatorily at FVTPL	10,740	-	-	10,740	9,381	1,359	-	10,740
	<u>16,674</u>	<u>#</u>	<u>-</u>	<u>16,674</u>				
Financial Assets Not Measured at Fair Value								
Trade and other receivables @	-	-	2,158	2,158				
Pledged bank deposits	-	-	3,789	3,789				
Cash and cash equivalents	-	-	63,517	63,517				
	<u>-</u>	<u>-</u>	<u>69,464</u>	<u>69,464</u>				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	-	-	(712,688)	(712,688)	-	(727,046)	-	(727,046)
Trade and other payables *	-	-	(38,967)	(38,967)				
	<u>-</u>	<u>-</u>	<u>(751,655)</u>	<u>(751,655)</u>				

Amount less than \$1,000.

@ Exclude 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	Level 2	Level 3	Total
	Cost	Total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2024						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	-	-				
Amounts due from subsidiaries	273,463	273,463				
Cash and cash equivalents	1,272	1,272				
	<u>274,735</u>	<u>274,735</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(375,014)	(375,014)				
Trade and other payables	(1,470)	(1,470)				
	<u>(376,484)</u>	<u>(376,484)</u>				
31 December 2023						
Financial Assets Not Measured at Fair Value						
Trade and other receivables @	8	8				
Amounts due from subsidiaries	258,968	258,968				
Cash and cash equivalents	1,159	1,159				
	<u>260,135</u>	<u>260,135</u>				
Financial Liabilities Not Measured at Fair Value						
Amounts due to subsidiaries	(352,355)	(352,355)				
Trade and other payables	(1,515)	(1,515)				
	<u>(353,870)</u>	<u>(353,870)</u>				

@ Exclude prepayments.

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	6 Months
	Ended	Ended
	30.06.2024	30.06.2023
	\$'000	\$'000
Current Tax Expense		
Current period	1,226	1,758
Adjustment in prior period	(757)	-
	<u>469</u>	<u>1,758</u>
Deferred Tax Expense		
Current period	(105)	(13)
	<u>364</u>	<u>1,745</u>

8 Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2024 was based on the consolidated profit attributable to ordinary shareholders for the period of approximately \$3,633,000 (2023: \$6,843,000); and the weighted average number of ordinary shares outstanding of 641,707,508 (2023: 641,771,150), 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 30.06.2024	6 Months Ended 30.06.2023
	No. of Shares	No. of Shares
Issued ordinary shares	870,612,140	870,612,140
Effect of ordinary shares held by an investee and treasury shares	(228,904,632)	(228,840,990)
Weighted average number of ordinary shares during the period	<u>641,707,508</u>	<u>641,771,150</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 30.06.2024 \$'000	6 Months Ended 30.06.2023 \$'000	6 Months Ended 30.06.2024 \$'000	6 Months Ended 30.06.2023 \$'000
Ordinary dividend paid: First and final dividend of 1.0 cent (2023: first and final dividend of 1.0 cent) per ordinary share	6,417	6,417	8,193	8,193

10 Net Asset Value

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
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)	357	357	92	93
Number of shares	<u>641,707,508</u>	<u>641,707,508</u>	<u>819,297,140</u>	<u>819,297,140</u>

11 Property, Plant and Equipment

During the six months ended 30 June 2024, the Group acquired assets of approximately \$212,000 (2023: \$135,000) and disposed of assets with net book values of approximately \$Nil (2023: \$60,000).

12 Investment Properties

Group	30.06.2024 \$'000	31.12.2023 \$'000
At beginning of the period/year	3,466,696	3,391,541
Additions arising from subsequent expenditure recognised in carrying amount	220	539
Write back of accrued expenses	-	(102)
Disposal	-	(1,900)
Changes in fair value	-	87,110
Translation differences	14,843	(10,492)
At end of the period/year	<u>3,481,759</u>	<u>3,466,696</u>

Hong Fok Corporation Limited And Its Subsidiaries

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 since 2017 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 2024 and 31 December 2023, the Group's investment properties with carrying values of approximately \$3,449,302,000 and \$3,434,303,000 respectively 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 2023, the carrying amounts of the investment properties were based on valuations performed by the external, independent valuers.

As at 30 June 2024, 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 2024 as there is no significant change to the market conditions.

13 Development Properties

During the six months ended 30 June 2024, completed development properties for sale of approximately \$1,478,000 (2023: \$4,197,000) were recognised as an expense and included in the 'Cost of sales of development properties'.

As at 30 June 2024 and 31 December 2023, the Group's development properties with carrying values of approximately \$107,503,000 and \$108,981,000 respectively are mortgaged for certain credit facilities granted to the Group (see Note 16).

14 Cash and Cash Equivalents

	Group		Company	
	30.06.2024 \$'000	31.12.2023 \$'000	30.06.2024 \$'000	31.12.2023 \$'000
Cash at banks and in hand	3,850	5,540	1,272	1,159
Deposits	82,348	61,766	-	-
Cash and cash equivalents	86,198	67,306	1,272	1,159
Less: Pledged bank deposits	(3,693)	(3,789)	-	-
Cash and cash equivalents (current)	82,505	63,517	1,272	1,159
Less: Restricted cash	(24)	(36)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	82,481	63,481	1,272	1,159

Pledged bank deposits represent bank balances of certain subsidiaries pledged as security for certain credit facilities granted to the Group (see Note 16).

15 Share Capital

	Group		Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	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	641,707,508	641,802,708	819,297,140	819,392,340
Share buyback	-	(95,200)	-	(95,200)
At end of the period/year	641,707,508	641,707,508	819,297,140	819,297,140

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 2023	228,809,432	143,573	51,219,800	42,523
Share buyback	95,200	97	95,200	97
At 30 June 2023	228,904,632	143,670	51,315,000	42,620
At 1 January 2024 and 30 June 2024	228,904,632	143,670	51,315,000	42,620

As at 30 June 2024, the Company held 51,315,000 (2023: 51,315,000) treasury shares which represent approximately 6.3% (2023: 6.3%) of the total number of issued shares (excluding treasury shares) of 819,297,140 (2023: 819,297,140).

The Company did not have any subsidiary holdings, outstanding options and convertibles as at 30 June 2024 and 30 June 2023.

16 Loans and Borrowings

	Group	
	30.06.2024	31.12.2023
	\$'000	\$'000
Non-current		
Singapore dollar secured bank loans	631,799	627,931
Hong Kong dollar secured bank loans	69,520	50,610
Hong Kong dollar unsecured bonds	-	43,525
Deferred day one gain on Hong Kong dollar unsecured bonds	-	1,691
Unamortised transaction costs	(5,745)	(6,761)
Unamortised imputed interest on unsecured bonds	-	(4,308)
	695,574	712,688
Current		
Hong Kong dollar unsecured bonds	45,709	-
Deferred day one gain on Hong Kong dollar unsecured bonds	1,022	-
Unamortised imputed interest on unsecured bonds	(2,583)	-
	44,148	-
	739,722	712,688

The bank loans 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.

17 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 2024 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 \$44.6 million for this period as compared to approximately \$50.8 million for the previous corresponding period. The decrease in revenue of approximately \$6.2 million was attributed mainly to decreases in revenue from the sale of its residential units in Concourse Skyline and income from its investment properties due to lower occupancy rates.

The Group's other income increased mainly due to gain on redemption of its debt investments in this period.

The decrease in depreciation of property, plant and equipment was mainly due to certain assets being fully depreciated as at 31 December 2023 and the estimated useful life of the improvements to the office lease in Hong Kong has been adjusted due to the extended lease period.

The decrease in depreciation of right-of-use assets was mainly due to lower rental rates committed for its renewal of office lease in Hong Kong.

The changes in fair value of other investments at fair value through profit or loss was mainly due to the net fair value loss in the valuation of its other investments as at 30 June 2024 as compared to the net fair value gain in the valuation as at 30 June 2023.

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

The increase in property tax was mainly due to the properties being assessed at higher annual values in this period.

The decrease in rental commission was due to less new leases for this period as compared to the previous corresponding period.

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 Hong Kong dollar and United States dollar.

The increase in finance income was mainly due to more Hong Kong dollar deposits placed with financial institutions in Hong Kong at higher interest rates and the higher deferred day one gain on Hong Kong dollar unsecured bonds. This increase was partially offset by a decrease in interest income from its debt investments that were redeemed in the first quarter of 2024.

The decrease in tax expense was attributed to a tax refund and less taxable profit for this period as compared to the previous corresponding period.

Overall, the Group posted a profit of approximately \$2.7 million as compared to approximately \$6.3 million in the previous corresponding period.

Consequently, the Group's profit attributable to Owners of the Company was approximately \$3.6 million as compared to approximately \$6.8 million in the previous corresponding period.

The increase in right-of-use assets was mainly due to the renewal of its office lease in Hong Kong in this period.

The decrease in other investments was mainly due to the redemption of its debt investments and net fair value loss on valuation of its other equity investments as at 30 June 2024. However, this was partially cushioned by the Group's purchase of other equity investments in this period.

Hong Fok Corporation Limited And Its Subsidiaries

With the increase in right-of-use assets in this period, there was a corresponding increase in lease liabilities. As the office space has a lease term of three years, a portion of the lease liabilities was classified as non-current liabilities.

The increase in loans and borrowings was mainly to enhance the liquidity of the Group. There was a reclassification of the Hong Kong dollar unsecured bonds due in the first quarter of 2025 from non-current liabilities as at 31 December 2023 to current liabilities as at 30 June 2024. The Group intends to discuss with the bondholders to extend the maturity date of these bonds.

The decrease in trade and other payables was mainly due to the payment in this period of employee benefit expenses accrued as at 31 December 2023 and the refund of tenancy deposits in this period for leases that have expired.

As at 30 June 2024, the Group's cash and cash equivalents stood at \$82.5 million. Net cash from operating activities arose mainly from rental income of its properties and collection from sale of its development properties and was utilised to pay operating costs and expenses. Net cash from investing activities arose mainly from the interest income and redemption monies received on its debt investments and was utilised mainly for purchase of other equity investments. Net cash from financing activities was mainly attributed to net proceeds from bank loans and borrowings and was utilised mainly for interest payment on loans and borrowings and dividend payment to shareholders of the Company.

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 leasing demand for commercial units is likely to remain subdued due to the ongoing geopolitical tensions, weak economy and high-interest rate environment. This economic situation coupled with corporate cost-cutting measures such as home working and hot-desking could result in a decline in demand for office space. However, the Group will boost its targeted marketing efforts and rental income from the Group's investment properties is likely to remain stable.

In Singapore, hotel room revenue, revenue per available room and average occupancy have overall registered decreases in the first half of 2024. This decline was due to an increase in hotel room supply in the market, change in travellers' profile and macroeconomic factors, including the strong Singapore dollar against foreign currencies that may deter tourists to visit Singapore as compared to neighbouring countries. However, hotels in Singapore are eyeing a pickup in demand in the coming months driven by various top-tier events that are likely to bring more visitors in Singapore. The Group is in discussion with its hotel operator to adopt strategies to improve the performance of YOTEL Singapore Orchard Road.

The residential market continues to be slow in reaction to the existing property cooling measures in Singapore and sustained high interest rates. The Additional Buyer's Stamp Duty has dampened market interest in the demand of residential properties in Singapore.

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.

Hong Fok Corporation Limited And Its Subsidiaries

(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 2024. 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 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 2024 to be false or misleading in any material aspect.

9 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

Lim Guek Hong
Koh Chay Tiang
Company Secretaries
14 August 2024