

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2011**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.**

Third quarter financial statement on consolidated results for the period ended 30 September 2011.
These figures have not been audited.

| | The Group | | |
|--|---------------------|---------------------|-------------------------|
| | \$'000 | | % |
| | 3rd Quarter 2011 | 3rd Quarter 2010 | Increase/ (Decrease) |
| Revenue (Note 1) | 79,288 | 12,035 | 559 |
| Other income | 92 | 72 | 28 |
| | 79,380 | 12,107 | 556 |
| Cost of sales of development properties | (53,072) | - | NM |
| Depreciation of fixed assets | (83) | (58) | 43 |
| Exchange loss, net | (1) | (6) | (83) |
| (Loss)/Gain on remeasurement of other investments | (82) | 113 | NM |
| Impairment in trade and other receivables and bad debts written off, net | (42) | (12) | 250 |
| Impairment loss on other assets | - | (10) | NM |
| Other expenses | (7,323) | (6,638) | 10 |
| | 18,777 | 5,496 | 242 |
| Finance expense | (2,221) | (2,207) | 1 |
| | 16,556 | 3,289 | 403 |
| Share of results of associates, net of tax | (721) | (301) | 140 |
| Profit before income tax (Note 2) | 15,835 | 2,988 | 430 |
| Income tax expense | (538) | (793) | (32) |
| Deferred tax expense | (1,333) | - | NM |
| Profit for the period | 13,964 | 2,195 | 536 |
| Other comprehensive income | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | 7,375 | (6,510) | NM |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | 1,680 | (1,675) | NM |
| Change in fair value of available-for-sale investments | 154 | 21 | 633 |
| Other comprehensive income for the period, net of income tax | 9,209 | (8,164) | NM |
| Total comprehensive income for the period | 23,173 | (5,969) | NM |
| | 13,964 | 2,195 | 536 |
| Profit for the period attributable to Owners of the Company | | | |
| Total comprehensive income for the period attributable to Owners of the Company | 23,173 | (5,969) | NM |

Notes:

- (1) Included in Revenue is investment income of approximately \$Nil (2010 : \$14,000).
- (2) Included in Profit before income tax is net profit on sale of development properties of approximately \$15,421,000 (2010 : \$Nil).
- (3) NM – Not Meaningful.
- (4) 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 | |
| | 30.09.2011 | 31.12.2010 | 30.09.2011 | 31.12.2010 |
| Non-current Assets | | | | |
| Fixed assets | 327 | 312 | - | - |
| Subsidiaries | - | - | 235,312 | 238,310 |
| Associates | 154,749 | 153,056 | - | - |
| Investment properties | 1,106,741 | 1,104,803 | - | - |
| Other assets | 397 | 397 | - | - |
| | 1,262,214 | 1,258,568 | 235,312 | 238,310 |
| Current Assets | | | | |
| Other investments | 364 | 675 | - | - |
| Development properties | 271,109 | 283,673 | - | - |
| Trade and other receivables | 3,624 | 2,369 | 16 | 3 |
| Cash and cash equivalents | 62,944 | 44,213 | 314 | 314 |
| | 338,041 | 330,930 | 330 | 317 |
| Total Assets | 1,600,255 | 1,589,498 | 235,642 | 238,627 |
| Equity Attributable to Owners of the Company | | | | |
| Share capital | 186,688 | 186,688 | 186,688 | 186,688 |
| Reserves | 718,794 | 700,654 | 44,877 | 44,740 |
| Total Equity | 905,482 | 887,342 | 231,565 | 231,428 |
| Non-current Liabilities | | | | |
| Obligations under finance leases | 22 | 56 | - | - |
| Loans | 133,768 | 606,388 | - | - |
| Financial guarantees | - | - | - | 2,349 |
| Deferred tax liability | 65,319 | 63,986 | - | - |
| | 199,109 | 670,430 | - | 2,349 |
| Current Liabilities | | | | |
| Bank overdraft | 390 | - | - | - |
| Trade and other payables | 25,405 | 28,807 | 669 | 720 |
| Obligations under finance leases | 45 | 45 | - | - |
| Loans | 467,341 | - | - | - |
| Financial guarantees | - | - | 3,408 | 4,130 |
| Tax payable | 2,483 | 2,874 | - | - |
| | 495,664 | 31,726 | 4,077 | 4,850 |
| Total Liabilities | 694,773 | 702,156 | 4,077 | 7,199 |
| Total Equity and Liabilities | 1,600,255 | 1,589,498 | 235,642 | 238,627 |

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 30.09.2011 | | As at 31.12.2010 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$467,776,000 | - | \$45,000 | - |

Amount repayable after one year

| As at 30.09.2011 | | As at 31.12.2010 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$133,790,000 | - | \$606,444,000 | - |

Details of any collaterals

The loan under current liability was previously classified as non-current liability as at 31 December 2010.

This loan is due in the third quarter of 2012 and the Group is in negotiations with certain financial institutions to extend its maturity date. The Group is confident that the extension of the loan will take place before its maturity date.

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

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| The Group | |
|--|---------------------|
| \$'000 | |
| 3rd Quarter 2011 | 3rd Quarter 2010 |
| Operating Activities | |
| Profit before income tax | 2,988 |
| Adjustments for: | |
| Share of results of associates, net of tax | 301 |
| Amortisation of transaction cost of loans | 185 |
| Depreciation of fixed assets | 58 |
| Gain on disposal of other investments | (12) |
| Loss/(Gain) on remeasurement of other investments | (113) |
| Impairment in trade and other receivables and bad debts written off, net | 12 |
| Impairment loss on other assets | 10 |
| Interest income | (23) |
| Interest expense | 2,022 |
| | 18,972 |
| Changes in working capital: | |
| Development properties | (1,625) |
| Trade and other receivables | 61 |
| Trade and other payables | (99) |
| Cash generated from operations | 3,765 |
| Income tax paid | (814) |
| Interest income received | 16 |
| | 659 |
| Cash Flows from Operating Activities | 2,967 |
| Investing Activities | |
| Capital expenditure on investment properties | (815) |
| Purchase of fixed assets | (21) |
| Proceeds from disposal of fixed assets | - |
| Proceeds from disposal of other investments | 116 |
| | (136) |
| Cash Flows from Investing Activities | (720) |
| Financing Activities | |
| Interest expense paid | (2,186) |
| Repayment of loans | (3,463) |
| Payment of finance lease rentals | (14) |
| Proceeds from loans | 85 |
| | (6,130) |
| Cash Flows from Financing Activities | (5,578) |
| Net Decrease in Cash and Cash Equivalents | (3,331) |
| Cash and cash equivalents at 1 July | 47,881 |
| | 68,161 |
| Cash and Cash Equivalents at 30 September | 44,550 |
| | 62,554 |
| Cash and Cash Equivalents at 30 September is represented by: | |
| Cash at banks and in hand | 1,449 |
| Fixed deposits | 44,000 |
| Bank overdraft | (899) |
| | 62,554 |
| | 44,550 |

Included in cash and cash equivalents as at 30 September 2011 is an amount held under the Housing Developers (Project Account) Rules of approximately \$62,253,000 (2010 : \$44,364,000) the use of which is subject to restriction imposed by the said Rules.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | | \$'000 | | | | |
|--|---------------|---------------------------------------|----------------------|-----------------|--------------|--|
| | | Attributable to Owners of the Company | | | | |
| | Share Capital | Capital and Other Reserves | Translation Reserves | Retained Profit | Total Equity | |
| The Group | | | | | | |
| At 1 July 2010 | | | | | | |
| | 186,688 | 2,448 | (39,214) | 654,472 | 804,394 | |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 2,195 | 2,195 | |
| Other comprehensive income | | | | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | - | - | (6,510) | - | (6,510) | |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | - | - | (1,675) | - | (1,675) | |
| Change in fair value of available-for-sale investments | - | 21 | - | - | 21 | |
| Total other comprehensive income | - | 21 | (8,185) | - | (8,164) | |
| Total comprehensive income for the period | - | 21 | (8,185) | 2,195 | (5,969) | |
| At 30 September 2010 | | | | | | |
| | 186,688 | 2,469 | (47,399) | 656,667 | 798,425 | |
| At 1 July 2011 | | | | | | |
| | 186,688 | 2,467 | (58,280) | 751,434 | 882,309 | |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 13,964 | 13,964 | |
| Other comprehensive income | | | | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | - | - | 7,375 | - | 7,375 | |
| Exchange differences on monetary items forming part of net investments in foreign subsidiaries | - | - | 1,680 | - | 1,680 | |
| Change in fair value of available-for-sale investments | - | 154 | - | - | 154 | |
| Total other comprehensive income | - | 154 | 9,055 | - | 9,209 | |
| Total comprehensive income for the period | - | 154 | 9,055 | 13,964 | 23,173 | |
| At 30 September 2011 | | | | | | |
| | 186,688 | 2,621 | (49,225) | 765,398 | 905,482 | |
| The Company | | | | | | |
| At 1 July 2010 | | | | | | |
| | 186,688 | - | - | 44,227 | 230,915 | |
| Profit for the period - Total comprehensive income for the period | - | - | - | 369 | 369 | |
| At 30 September 2010 | | | | | | |
| | 186,688 | - | - | 44,596 | 231,284 | |
| At 1 July 2011 | | | | | | |
| | 186,688 | - | - | 41,652 | 228,340 | |
| Profit for the period - Total comprehensive income for the period | - | - | - | 3,225 | 3,225 | |
| At 30 September 2011 | | | | | | |
| | 186,688 | - | - | 44,877 | 231,565 | |

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.**

| | 30.09.2011 | 31.12.2010 |
|---|-------------|-------------|
| Total number of issued shares excluding treasury shares | 659,554,698 | 659,554,698 |

- 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 2010.

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") and Interpretations of FRS ("INT FRS") which became effective for the Group's financial year beginning on 1 January 2011. The adoption of these new/revised FRS and INT FRS are not expected to have any significant effect on the financial statements of the Group.

INT FRS 115 *Agreements for the Construction of Real Estate*, that was issued with an Accompanying Note, effective for the current financial year, clarifies when revenue and related expenses from a sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. INT FRS 115 determines that contracts which are not classified as construction contracts in accordance with FRS 11 can only be accounted for under the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of the work in progress in its current state as construction progresses.

Before 1 January 2011, the Group's accounting policy for its property development projects was to recognise revenue using POC method which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11"). Following the adoption of INT FRS 115 on 1 January 2011, RAP 11 was withdrawn.

On the adoption of INT FRS 115, the Group continues to recognise revenue and profit based on POC method for sale of development properties under the progressive payment scheme in Singapore.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the Group after deducting any provision for preference dividends:

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings)

| The Group | |
|---------------------|---------------------|
| 3rd Quarter 2011 | 3rd Quarter 2010 |
| 2.12 cts | 0.33 cts |
| 2.12 cts | 0.33 cts |

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$13,964,000 (2010 : \$2,195,000) and the weighted average number of ordinary shares outstanding of 659,554,698.

There are no potential dilutive ordinary shares in existence as at 30 September 2011 and 30 September 2010.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares

| The Group | | The Company | |
|------------|------------|-------------|------------|
| 30.09.2011 | 31.12.2010 | 30.09.2011 | 31.12.2010 |
| 137 cts | 135 cts | 35 cts | 35 cts |

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

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

The Group's revenue for the current period increased approximately by \$67.3 million as compared to the previous period. This was mainly due to the commencement of the recognition of sales revenue from the residential units of Concourse Skyline based on the percentage of completion method.

With the recognition of sales revenue, the Group recorded the cost of sales of these development properties.

The Group incurred a loss on remeasurement of other investments due to the recorded bid price being lower as compared to the previous period.

The loss from associates increased approximately by \$0.4 million in the current period.

There was an increase in deferred tax expense in line with the recognition of profits from Concourse Skyline.

The Group's profit for the current period, therefore, increased by approximately \$11.8 million as compared to the previous period.

The Group recorded a decrease in other investments due mainly to the sale of certain quoted equity securities in the previous quarter and its loss on remeasurement.

The increase in trade and other receivables was mainly due to progressive amounts billed to the purchasers of Concourse Skyline and the recording of certain expenses prepaid for the construction of Concourse Skyline, which is in progress.

The increase in cash and cash equivalents arose from the monies collected from the sales of residential units of Concourse Skyline placed in fixed deposits as the use of such monies is subject to restriction imposed by the Housing Developers (Project Account) Rules.

The decrease in trade and other payables was due mainly to payments of expenses and construction costs accrued last year.

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

NA.

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

The Group expects the occupancy rate of the office property market to improve.

The Group will continue to recognise revenue and costs of development and other related expenses from the sold residential units of Concourse Skyline based on the percentage of completion method.

11. **Dividend**

(a) Current financial period reported on

Any dividend declared for the current financial period reported on ? None

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year ? None

(c) Date payable

NA.

(d) Books closure date

NA.

12. **If no dividend has been declared/recommended, a statement to that effect.**

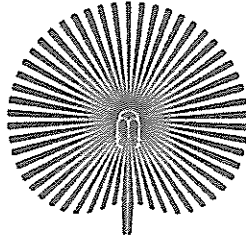
No dividend has been declared/recommended for the third quarter ended 30 September 2011.

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
Company Secretary
14 November 2011



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 Third Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 September 2011 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hoi Kheng

Singapore
14 November 2011