

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2012**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 2012.
These figures have not been audited.

	The Group		
	\$'000		%
	3rd Quarter 2012	3rd Quarter 2011	Increase/ (Decrease)
Revenue (Note 1)	50,534	79,288	(36)
Other income (Note 2)	107	92	16
	50,641	79,380	(36)
Cost of sales of development properties	(30,273)	(53,072)	(43)
Depreciation of fixed assets	(63)	(83)	(24)
Exchange loss, net	(2)	(1)	100
Impairment in trade and other receivables and bad debts written off, net	(10)	(42)	(76)
Impairment loss on other assets	(20)	-	NM
Gain/(Loss) on remeasurement of other investments	28	(82)	NM
Other expenses	(7,983)	(7,323)	9
	12,318	18,777	(34)
Finance expense	(3,609)	(2,221)	62
	8,709	16,556	(47)
Share of results of associates, net of tax	(386)	(721)	(46)
Profit before income tax (Note 3)	8,323	15,835	(47)
Income tax expense	(1,174)	(1,871)	(37)
Profit for the period	7,149	13,964	(49)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(3,624)	7,375	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(756)	1,680	NM
Change in fair value of available-for-sale investments	-	154	NM
Other comprehensive income for the period, net of income tax	(4,380)	9,209	NM
Total comprehensive income for the period	2,769	23,173	(88)
	7,149	13,964	(49)
Profit for the period attributable to Owners of the Company	7,149	13,964	(49)
	2,769	23,173	(88)
Total comprehensive income for the period attributable to Owners of the Company	2,769	23,173	(88)

Notes:

- (1) Included in Revenue is investment income of approximately \$Nil (2011 : \$Nil).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$30,000 (2011 : \$Nil).
- (3) Included in Profit before income tax is net profit on sale of development properties of approximately \$8,958,000 (2011 : \$15,421,000).
- (4) NM – Not Meaningful.
- (5) NA – Not Applicable.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	\$'000		\$'000	
	30.09.2012	31.12.2011 (Restated) *	30.09.2012	31.12.2011
Non-current Assets				
Fixed assets	280	346	-	-
Subsidiaries	-	-	232,790	234,616
Associates	156,750	165,753	-	-
Investment properties	1,259,914	1,257,660	-	-
Other assets	377	399	-	-
	1,417,321	1,424,158	232,790	234,616
Current Assets				
Other investments	451	311	-	-
Development properties	281,134	280,567	-	-
Trade and other receivables	7,929	3,022	16	3
Cash and cash equivalents	70,023	57,008	313	314
	359,537	340,908	329	317
Total Assets	1,776,858	1,765,066	233,119	234,933
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	956,183	949,327	43,921	45,149
Total Equity	1,142,871	1,136,015	230,609	231,837
Non-current Liabilities				
Trade and other payables	2,945	1,644	-	-
Obligations under finance leases	-	11	-	-
Loans	590,461	598,253	-	-
Financial guarantees	-	-	801	-
Deferred tax liability	3,140	1,662	-	-
	596,546	601,570	801	-
Current Liabilities				
Bank overdraft	1,845	-	-	-
Trade and other payables	34,057	25,216	688	747
Obligations under finance leases	22	45	-	-
Financial guarantees	-	-	1,021	2,349
Tax payable	1,517	2,220	-	-
	37,441	27,481	1,709	3,096
Total Liabilities	633,987	629,051	2,510	3,096
Total Equity and Liabilities	1,776,858	1,765,066	233,119	234,933

* Please refer to paragraph 4.

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 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
\$1,867,000	-	\$45,000	-

Amount repayable after one year

As at 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
\$590,461,000	-	\$598,264,000	-

Details of any collaterals

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

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

The Group	
\$'000	
3rd Quarter 2012	3rd Quarter 2011
Operating Activities	
Profit before income tax	15,835
Adjustments for:	
Share of results of associates, net of tax	721
Amortisation of transaction cost of loans	185
Depreciation of fixed assets	83
Gain on disposal of fixed assets, net	-
(Gain)/Loss on remeasurement of other investments	82
Impairment in trade and other receivables and bad debts written off, net	42
Impairment loss on other assets	-
Interest income	(12)
Interest expense	2,036
	12,335
Changes in working capital:	
Development properties	(18,949)
Trade and other receivables	(369)
Trade and other payables	1,849
Cash generated from operations	1,503
Income tax paid	(844)
Interest income received	-
Income tax refund	-
Cash Flows from Operating Activities	659
Investing Activities	
Capital expenditure on investment properties	(87)
Purchase of fixed assets	(50)
Proceeds from disposal of fixed assets	1
Cash Flows from Investing Activities	(136)
Financing Activities	
Interest expense paid	(2,203)
Payment of finance lease rentals	(11)
Payment for transaction costs on loans	-
Proceeds from loans	84
Repayment of loans	(4,000)
Cash Flows from Financing Activities	(6,130)
Net Increase/(Decrease) in Cash and Cash Equivalents	(5,607)
Cash and cash equivalents at 1 July	68,161
Effect of exchange rate fluctuations	-
Cash and Cash Equivalents at 30 September	62,554
Cash and Cash Equivalents at 30 September is represented by:	
Cash at banks and in hand	944
Fixed deposits	62,000
Bank overdraft	(390)
	68,178
	62,554

Included in cash and cash equivalents as at 30 September 2012 is an amount held under the Housing Developers (Project Account) Rules of approximately \$68,710,000 (2011 : \$62,253,000) the use of which is subject to restriction imposed by the said Rules.

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

		\$'000			
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Profit	Total Attributable to Owners of the Company
The Group					
At 30 June 2011, as previously reported	186,688	2,467	(58,280)	751,434	882,309
Effect of adopting the Amendments to FRS 12 *	-	-	-	83,451	83,451
At 1 July 2011, restated	186,688	2,467	(58,280)	834,885	965,760
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)	848,849	988,933
At 1 July 2012	186,688	2,371	(53,703)	1,004,746	1,140,102
Total comprehensive income for the period					
Profit for the period	-	-	-	7,149	7,149
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(3,624)	-	(3,624)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(756)	-	(756)
Total other comprehensive income	-	-	(4,380)	-	(4,380)
Total comprehensive income for the period	-	-	(4,380)	7,149	2,769
At 30 September 2012	186,688	2,371	(58,083)	1,011,895	1,142,871
The Company					
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
At 1 July 2012	186,688	-	-	45,338	232,026
Loss for the period - Total comprehensive income for the period	-	-	-	(1,417)	(1,417)
At 30 September 2012	186,688	-	-	43,921	230,609

* Please refer to paragraph 4.

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.

The Company did not issue any shares during the financial period under review.

As previously reported in the second quarter financial statement for the period ended 30 June 2012, the aggregate number of issued ordinary shares increased from 659,554,698 shares to 791,465,621 shares following the allotment and issue of bonus shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares

30.09.2012	31.12.2011
791,465,621	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 2011.

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 adopted the Amendments to FRS 12 *Income Tax - Deferred Tax: Recovery of Underlying Assets* which is effective from 1 January 2012. FRS 12 was amended to provide an exception to the measurement of deferred tax assets and liabilities in respect of investment property measured using the fair value model in accordance with FRS 40 *Investment Property*.

Under the exception, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group previously provided for deferred tax liabilities arising from its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, the carrying amount of the investment properties is presumed to be recovered entirely through sale. Accordingly, there are no deferred tax liabilities on the investment properties as there is no tax on capital gains in Singapore and Hong Kong. The Group has reversed the deferred tax liabilities previously recognised on its investment properties upon adoption of the Amendments to FRS 12.

The change of accounting policy was applied retrospectively and the effects of the Group's comparatives arising from the adoption of the Amendments to FRS 12 are as follows:

Balance Sheet as at 31 December 2011

Increase in associates	\$ 18,179,000
Decrease in deferred tax liability	\$ 89,488,000
Increase in retained profit	\$ 107,667,000

Statement of Comprehensive Income for the period ended 30 September 2011

There was no financial impact arising from the adoption of the Amendments to FRS 12 on the Statement of Comprehensive Income for the third quarter ended 30 September 2011. Correspondingly, there was no impact on the basic and diluted earnings per share.

This change has no impact to the Company's financial statements.

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

The Group	
3rd Quarter 2012	3rd Quarter 2011 (Restated)
0.90 cts	1.76 cts
0.90 cts	1.76 cts

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

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

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$7,149,000 (2011 : \$13,964,000) and the weighted average number of ordinary shares outstanding of 791,465,621 (2011 : 791,465,621).

The comparative for the weighted average number of ordinary shares used in computing the earnings per share for the period ended 30 September 2011 has been restated from 659,554,698 to 791,465,621 as a result of the issuance of 131,910,923 shares pursuant to the bonus issue by the Company. The earnings per share for the Group has been restated from 2.12 cts to 1.76 cts for the period ended 30 September 2011.

There are no potential dilutive ordinary shares in existence as at 30 September 2012 and 30 September 2011.

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

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

The Group		The Company	
30.09.2012	31.12.2011 (Restated)	30.09.2012	31.12.2011
-	172 cts	-	35 cts
144 cts	144 cts	29 cts	29 cts

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

- 659,554,698 ordinary shares (Note 1(d)(ii))
- 791,465,621 ordinary shares (Note 1(d)(ii))

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

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

The Group's revenue for the current period decreased approximately by \$28.8 million as compared to the previous period. This was mainly due to the percentage of recognition of sales revenue from the residential units of Concourse Skyline being lower than that of the third quarter of 2011. The latter being the commencement period for the recognition of the sales revenue based on the percentage of completion method.

The increase in the Group's other income was mainly from the disposal of a motor vehicle in the current period.

With a decrease in sales revenue from development properties, the Group recorded a corresponding decrease in cost of sales of development properties.

The increase in finance expense was mainly due to amortisation of transaction costs incurred and capitalised previously due to a construction loan facility granted but not utilised.

The loss from associates decreased by approximately \$0.3 million in the current period.

The decrease in tax expense is due to the provision of a smaller deferred tax expense relating to the recognition of profit from the sales of Concourse Skyline.

The Group's profit for the period, therefore, decreased approximately by \$6.8 million as compared to the previous period.

The Group recorded an increase in other investments due to the recorded bid price being higher than that as at 31 December 2011.

The increase in trade and other receivables was attributed mainly to progressive amounts billed to purchasers of Concourse Skyline.

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 Group also recorded an increase in trade and other payables due mainly to sum payable to contractors for work done on properties under development.

The increase in deferred tax liability was in line with the recognition of profits from Concourse Skyline in the current period.

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

NA.

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

The Group expects the office rental revenue to remain stable.

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

11. If a decision regarding dividend has been made:

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

None.

(b)(i) Amount per share cents

NA.

(ii) Previous corresponding period cents

NA.

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

NA.

(d) The date the dividend is payable.

NA.

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

NA.

12. If no dividend has been declared (recommended), a statement to that effect.

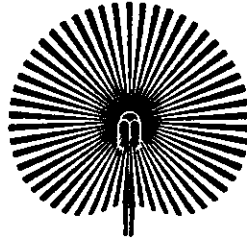
No dividend has been declared/recommendeded for the third quarter ended 30 September 2012.

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

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

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
14 November 2012



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 2012 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
14 November 2012