

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2013**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 2013.
These figures have not been audited.

	The Group		
	\$'000		%
	3rd Quarter 2013	3rd Quarter 2012	Increase/ (Decrease)
Revenue (Note 1)	56,964	50,534	13
Other income (Note 2)	1,622	107	1,416
	58,586	50,641	16
Cost of sales of development properties	(35,351)	(30,273)	17
Depreciation of fixed assets	(45)	(63)	(29)
Exchange gain/(loss), net	1	(2)	NM
Gain from change in interests in associates	7,958	-	NM
Gain on remeasurement of other investments	134	28	379
Impairment loss on trade and other receivables and bad debts written off, net	-	(10)	NM
Impairment loss on other assets	-	(20)	NM
Other expenses	(7,728)	(7,983)	(3)
	23,555	12,318	91
Finance expense	(4,463)	(3,609)	24
	19,092	8,709	119
Share of results of associates, net of tax	1,277	(386)	NM
Profit before income tax (Note 3)	20,369	8,323	145
Income tax expense	(1,631)	(1,174)	39
Profit for the period attributable to Owners of the Company	18,738	7,149	162
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(1,461)	(3,624)	(60)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(303)	(756)	(60)
Other comprehensive income for the period, net of income tax	(1,764)	(4,380)	(60)
Total comprehensive income for the period attributable to Owners of the Company	16,974	2,769	513

Notes:

- (1) Included in Revenue is investment income of approximately \$350,000 (2012 : \$Nil).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$Nil (2012 : \$30,000)
- (3) Included in Profit before income tax is net profit on sale of development properties of approximately \$9,292,000 (2012 : \$8,958,000).
- (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	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
Non-current Assets				
Fixed assets	323	253	-	-
Subsidiaries	-	-	429,775	232,111
Associates	178,792	165,164	-	-
Investment properties	1,324,106	1,305,499	-	-
Other assets	64,006	377	-	-
	1,567,227	1,471,293	429,775	232,111
Current Assets				
Other investments	1,177	448	-	-
Development properties	378,256	291,058	-	-
Trade and other receivables	2,687	8,354	25	3
Cash and cash equivalents	42,889	72,805	19,355	310
	425,009	372,665	19,380	313
Total Assets	1,992,236	1,843,958	449,155	232,424
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	1,060,036	1,018,075	42,192	43,101
Total Equity	1,246,724	1,204,763	228,880	229,789
Non-current Liabilities				
Trade and other payables	3,621	1,453	-	-
Loans and borrowings	222,761	592,232	217,628	-
Financial guarantees	-	-	-	542
Deferred tax liability	7,364	3,895	-	-
	233,746	597,580	217,628	542
Current Liabilities				
Bank overdraft	-	694	-	-
Trade and other payables	42,194	38,689	1,846	1,067
Obligations under finance leases	-	11	-	-
Loans and borrowings	467,622	-	-	-
Financial guarantees	-	-	801	1,026
Tax payable	1,950	2,221	-	-
	511,766	41,615	2,647	2,093
Total Liabilities	745,512	639,195	220,275	2,635
Total Equity and Liabilities	1,992,236	1,843,958	449,155	232,424

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 30.09.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
467,622,000	-	\$705,000	-

Amount repayable after one year

As at 30.09.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
5,133,000	\$217,628,000	\$592,232,000	-

Details of any collaterals

The Group intends to refinance the secured loans under current liabilities due in the third quarter of 2014 and is in the process of negotiation with some financial institutions.

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 2013	3rd Quarter 2012
Operating Activities			
Profit before income tax		20,369	8,323
Adjustments for:			
Share of results of associates, net of tax		(1,277)	386
Amortisation of transaction cost of loans and borrowings		438	1,468
Depreciation of fixed assets		45	63
Gain from change in interests in associates		(7,958)	-
Gain on disposal of other investments		(350)	-
Gain on remeasurement of other investments		(134)	(28)
Gain on disposal of fixed assets, net		-	(30)
Impairment loss on other assets		-	20
Impairment loss on trade and other receivables and bad debts written off, net		-	10
Interest income		(41)	(18)
Interest expense		4,025	2,141
		15,117	12,335
Changes in working capital:			
Development properties		(29,481)	(1,623)
Trade and other receivables		1,325	(2,868)
Trade and other payables		4,142	7,009
Cash (used in)/generated from operations		(8,897)	14,853
Income tax paid		(490)	(568)
Interest income received		55	18
Income tax refund		-	1,062
Cash Flows from Operating Activities		(9,332)	15,365
Investing Activities			
Capital expenditure on investment properties/other assets		(1,151)	(1,885)
Acquisition of investment properties		(16,491)	-
Investment in associates		(427)	-
Purchase of fixed assets		(20)	(73)
Proceeds from disposal of fixed assets		-	86
Proceeds from disposal of other investments		974	-
Cash Flows from Investing Activities		(17,115)	(1,872)
Financing Activities			
Interest expense paid		(6,769)	(1,967)
Payment of finance lease rentals		-	(12)
Payment of transaction costs on loans and borrowings		(1,825)	(1,320)
Proceeds from loans and borrowings		1,699	159
Repayment of loans and borrowings		-	(6,000)
Cash Flows from Financing Activities		(6,895)	(9,140)
Net (Decrease)/Increase in Cash and Cash Equivalents		(33,342)	4,353
Cash and cash equivalents at 1 July		76,233	63,826
Effect of exchange rate fluctuations		(2)	(1)
Cash and Cash Equivalents at 30 September		42,889	68,178
Cash and Cash Equivalents at 30 September is represented by:			
Cash at banks and in hand		42,889	1,523
Fixed deposits		-	68,500
Bank overdraft		-	(1,845)
		42,889	68,178

Included in cash and cash equivalents as at 30 September 2013 is an amount held under the Housing Developers (Project Account) Rules of approximately \$20,120,000 (2012 : \$68,710,000) 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 1 July 2012	186,688	2,371	(53,573)	1,004,616	1,140,102
Total comprehensive income for the period					
Profit for the period	-	-	-	7,149	7,149
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
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	(57,953)	1,011,765	1,142,871
At 1 July 2013	186,688	2,371	(52,919)	1,093,610	1,229,750
Total comprehensive income for the period					
Profit for the period	-	-	-	18,738	18,738
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(1,461)	-	(1,461)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(303)	-	(303)
Total other comprehensive income	-	-	(1,764)	-	(1,764)
Total comprehensive income for the period	-	-	(1,764)	18,738	16,974
At 30 September 2013	186,688	2,371	(54,683)	1,112,348	1,246,724
The Company					
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
At 1 July 2013	186,688	-	-	43,215	229,903
Loss for the period - Total comprehensive income for the period	-	-	-	(1,023)	(1,023)
At 30 September 2013	186,688	-	-	42,192	228,880

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.

Total number of issued shares excluding treasury shares

30.09.2013	31.12.2012
791,465,621	791,465,621

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 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted various new/revised Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning on 1 January 2013. The adoption of these new/revised FRS (including consequential amendments) are not expected to have any significant impact on the financial statements of the Group.

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 2013	3rd Quarter 2012
2.37 cts	0.90 cts
2.37 cts	0.90 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$18,738,000 (2012 : \$7,149,000) and the weighted average number of ordinary shares outstanding of 791,465,621 (2012 : 791,465,621).

There are no potential dilutive ordinary shares in existence as at 30 September 2013 and 30 September 2012.

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	
30.09.2013	31.12.2012	30.09.2013	31.12.2012
158 cts	152 cts	29 cts	29 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 by approximately \$6.4 million as compared to the previous period. This was due mainly to higher sales revenue recognised from the residential units of the Concourse Skyline based on the percentage of completion method.

The increase in the Group's other income was due mainly to compensation income relating to the leases of its investment properties.

With an increase in sales revenue from the residential units of Concourse Skyline, the Group recorded a corresponding increase in cost of sales of these properties.

The gain from change in interests in associates was due to the cancellation of shares of an associate, which cancelled shares were not held by the Company or its subsidiaries.

The gain on remeasurement of other investments was due to the recorded bid price being higher in the current period as compared to the previous period.

The increase in finance expense was due mainly to higher interest rates and an increase in loans and borrowings in this period as compared to that in the third quarter of 2012.

The associates contributed to a profit in the current period as compared to a loss in the previous period.

The increase in income tax expense was due to the recognition of profit from the sales of Concourse Skyline.

The Group's profit for the period, therefore, increased by approximately \$11.6 million as compared to the previous period.

The increase in other assets was due mainly to the payment of development charge and capitalisation of professional costs incurred by its wholly owned subsidiary in respect of the proposed additions and alterations to the existing International Building involving an extension of a single storey commercial block and redevelopment of the existing car park block to a new 27 storey hotel on Lot 956X at 360 Orchard Road and Lot 1719L at Claymore Hill, Town Subdivision 25 (Orchard Planning Area).

The Group recorded an increase in other investments due to acquisition of quoted equity securities in the first quarter of 2013 and the recorded bid price being higher than that as at 31 December 2012.

The increase in development properties was due mainly to additional construction costs incurred for Concourse Skyline.

As at 30 September 2013, there were no amount due from purchasers and no advance payment to contractors in relation to Concourse Skyline development. This resulted in a decrease in trade and other receivables as compared to that as at 31 December 2012.

The decrease in cash and cash equivalents was due mainly to the payment of construction costs for Concourse Skyline.

The increase in trade and other payables was attributed mainly to sum payable to contractors for work done on properties under development.

The Group also recorded an increase in loans and borrowings due mainly to the drawdown of \$220 million of fixed rate notes from the Medium Term Notes Programme, offset by the net repayment of bank loans of approximately \$118 million.

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

The Group's net current liability in the current period was due mainly to the reclassification of the secured loans due in the third quarter of 2014 from non-current liabilities to current liabilities. The Group intends to refinance these secured loans and is in the process of negotiation with some financial institutions. The Group is confident of completing the refinancing of these secured loans before the due dates.

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.

In February 2013, a wholly owned subsidiary of the Company obtained Grant of Written Permission from the Urban Redevelopment Authority and paid a development charge (See paragraph 8 above). With this proposed redevelopment, the Group expects an increase in the revaluation of these said properties within the next 12 months.

- 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.**

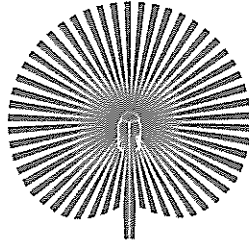
No dividend has been declared/recommendeded for the third quarter ended 30 September 2013.

- 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 2013



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 2013 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 2013