

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

First Quarter Financial Statement for the Period Ended 31 March 2008**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

First quarter financial statement on consolidated results for the period ended 31 March 2008.
These figures have not been audited.

	The Group		
	\$'000		%
	1st Quarter 2008	1st Quarter 2007	Increase/ (Decrease)
Revenue (Note 1)	18,064	17,942	1
Other income (Note 2)	184	53	247
	18,248	17,995	1
Write-back of/(Allowance for) impairment in receivables and bad debts written off, net	74	(180)	NM
Bad debts recovered	-	311	NM
Cost of sales of development properties	(4,798)	(6,538)	(27)
Depreciation of fixed assets	(72)	(77)	(6)
Exchange loss, net	(54)	(23)	135
Loss on remeasurement of other investments	(284)	(3)	9,367
(Impairment loss)/Write-back of impairment loss on other assets	(10)	10	NM
Other expenses	(7,614)	(6,188)	23
Finance expense	(3,770)	(6,360)	(41)
	1,720	(1,053)	NM
Share of results of associates, net of tax	38	(759)	NM
Profit/(Loss) before income tax (Note 3)	1,758	(1,812)	NM
Income tax expense	(528)	(29)	1,721
Deferred tax expense (Note 4)	-	6,418	NM
Profit for the period	1,230	4,577	(73)
Minority interest	145	-	NM
Profit for the period attributable to equity holders of the Company	1,375	4,577	(70)

Notes :

- (1) Included in Revenue is investment income of approximately \$7,000 (2007 : \$20,000).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$118,000 (2007 : \$Nil).
- (3) Included in Profit/(Loss) before income tax is profit on sale of development properties of approximately \$2,804,000 (2007 : \$772,000).
- (4) Deferred tax expense for the first quarter 2007 was previously reported as deferred tax credit of \$51,000. This amount has been restated by \$6,367,000 to take into account the Group's share of deferred tax credit due to change in tax rates from 20% in 2006 to 18% in 2007. This adjustment has been recorded in the 2007's audited financial statements of the Group.
- (5) NM – Not Meaningful.
- (6) NA – Not Applicable.

1(b)(i) A balance sheet (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	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Non-current Assets				
Fixed assets	64,734	908	-	-
Subsidiaries	-	-	218,017	233,451
Associates	117,704	122,471	-	-
Investment properties	1,329,109	1,331,022	-	-
Other investments	353	367	-	-
Other assets	518	64,294	-	-
	1,512,418	1,519,062	218,017	233,451
Current Assets				
Other investments	794	1,078	-	-
Development properties	19,626	24,171	-	-
Trade and other receivables	17,963	15,669	10	3
Cash and cash equivalents	1,365	2,113	319	418
	39,748	43,031	329	421
Total Assets	1,552,166	1,562,093	218,346	233,872
Share capital	186,688	186,688	186,688	186,688
Reserves	674,269	678,121	17,481	33,326
Minority interest	18,735	19,257	-	-
Total Equity	879,692	884,066	204,169	220,014
Non-current Liabilities				
Obligations under finance leases	88	29	-	-
Loans and borrowings	567,299	571,220	-	-
Deferred income	1,981	2,058	-	-
Financial guarantees	-	-	10,337	10,092
Deferred tax liability	80,260	80,259	-	-
	649,628	653,566	10,337	10,092
Current Liabilities				
Bank overdraft	2,687	1,219	-	-
Trade and other payables	18,688	22,300	1,045	1,252
Obligations under finance leases	54	53	-	-
Financial guarantees	-	-	2,795	2,514
Tax payable	1,417	889	-	-
	22,846	24,461	3,840	3,766
Total Liabilities	672,474	678,027	14,177	13,858
Total Equity and Liabilities	1,552,166	1,562,093	218,346	233,872

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.03.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$2,741,000	-	\$1,272,000	-

Amount repayable after one year

As at 31.03.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$567,387,000	-	\$571,249,000	-

Details of any collateral

The borrowings by the subsidiaries are generally secured by the Group's investment and development properties and certain fixed assets and are guaranteed by the Company or Winfoong International Limited.

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

The Group	
\$'000	
1st Quarter 2008	1st Quarter 2007
Operating Activities	
Profit/(Loss) before income tax	(1,812)
Adjustments for :	
Share of results of associates, net of tax	759
Amortisation of transaction cost of loans and borrowings	127
Write-back of/(Allowance for) impairment in receivables and bad debts written off, net	180
Depreciation of fixed assets	77
Gain on disposal of fixed assets, net	-
Gain on disposal of other investments	(17)
Impairment loss/(Write-back of impairment loss) on other assets	(10)
Loss on remeasurement of other investments	3
Interest income	(29)
Interest expense	6,233
Operating profit before working capital changes	5,511
Changes in working capital :	
Development properties	6,274
Trade and other receivables	(629)
Trade and other payables	(2,012)
Cash generated from operations	9,144
Income tax paid	(7)
Interest income received	2
Cash Flows from Operating Activities	9,139
Investing Activities	
Purchase of other investments	(125)
Purchase of fixed assets	(16)
Proceeds from disposal of fixed assets	-
Proceeds from disposal of other investments	162
Cash Flows from Investing Activities	21
Financing Activities	
Interest expense paid	(6,198)
Repayment of loans and borrowings	(4,650)
Payment of finance lease rentals	(35)
Proceeds from loans and borrowings	2,195
Cash Flows from Financing Activities	(8,688)
Net (Decrease)/Increase in Cash and Cash Equivalents	472
Cash and cash equivalents at 1 January	(762)
Effect of exchange rate fluctuations	-
Cash and Cash Equivalents at 31 March	(290)
Cash and Cash Equivalents at 31 March is represented by :	
Cash at banks and in hand	835
Bank overdraft	(1,125)
	(290)

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	Revaluation Reserves	Retained Profit	Minority Interest	Total
The Group							
At 31 December 2006, as previously reported	150,713	3,099	(24,957)	553,090	63,305	-	745,250
Effect of adopting FRS 40	-	-	-	(553,090)	469,534 *	-	(83,556)
At 1 January 2007, restated	150,713	3,099	(24,957)	-	532,839	-	661,694
Exchange differences on translation of balances at beginning of the period	-	(8)	-	-	-	-	(8)
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(1,150)	-	-	-	(1,150)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(158)	-	-	-	(158)
Share of reserves of associates	-	27	-	-	-	-	27
Net gains/(losses) recognised directly in equity	-	19	(1,308)	-	-	-	(1,289)
Profit for the period	-	-	-	-	4,577 #	-	4,577
Total recognised income and expense for the period	-	19	(1,308)	-	4,577	-	3,288
At 31 March 2007	150,713	3,118	(26,265)	-	537,416	-	664,982
At 1 January 2008	186,688	2,419	(33,588)	-	709,290	19,257	884,066
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(3,658)	-	-	(377)	(4,035)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(1,569)	-	-	-	(1,569)
Net gains/(losses) recognised directly in equity	-	-	(5,227)	-	-	(377)	(5,604)
Profit for the period	-	-	-	-	1,375	(145)	1,230
Total recognised income and expense for the period	-	-	(5,227)	-	1,375	(522)	(4,374)
At 31 March 2008	186,688	2,419	(38,815)	-	710,665	18,735	879,692
The Company							
At 1 January 2007	150,713	-	-	-	40,516	-	191,229
Profit for the period	-	-	-	-	7	-	7
Total recognised income and expense for the period	-	-	-	-	7	-	7
At 31 March 2007	150,713	-	-	-	40,523	-	191,236
At 1 January 2008	186,688	-	-	-	33,326	-	220,014
Loss for the period	-	-	-	-	(15,845)	-	(15,845)
Total recognised income and expense for the period	-	-	-	-	(15,845)	-	(15,845)
At 31 March 2008	186,688	-	-	-	17,481	-	204,169

* The effect of adopting FRS 40 was previously reported as \$533,198,000 for the Group in the first quarter 2007 financial statement. This amount has been restated by \$63,664,000 to take into account the provision of deferred tax for investment properties. This adjustment has been recorded in the 2007's audited financial statements of the Group.

The Group's loss for the first quarter 2007 was previously reported as \$1,790,000. This amount has been restated by \$6,367,000 to take into account the Group's share of deferred tax credit due to the change in tax rates from 20% in 2006 to 18% in 2007. This adjustment has been recorded in the 2007's audited financial statements of the Group.

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 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.

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.

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 2007.

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.

Nil.

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.

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

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

The Group	
1st Quarter 2008	1st Quarter 2007
0.21 cts	0.76 cts
0.21 cts	0.76 cts

The profit per ordinary share was calculated based on the profit for the period attributable to equity holders of approximately \$1,375,000 (2007 : \$4,577,000) and the number of ordinary shares in issue of 659,554,698 (2007 : 599,595,180).

Profit per ordinary share of the Group for the first quarter 2007 has been restated from (0.30) cents to 0.76 cents as a result of the restatement of the Group's profit for that quarter as described in item 1(d)(i), (see #).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 issued share capital

The Group		The Company	
31.03.2008	31.12.2007	31.03.2008	31.12.2007
133 cts	134 cts	31 cts	33 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 recorded a profit before income tax of approximately \$1.8 million as compared to a loss of approximately \$1.8 million for the previous period. This was mainly attributable to increase in profit from sale of development properties and a decrease in finance expense due to lower interest rates incurred on its loans and borrowings that were refinanced in the third quarter of 2007.

The Group obtained President's approval for the alienation of the State Land at Claymore Hill, Singapore in January 2008. As a result, the deposit paid, being the price for the acquisition of this State Land, was reclassified in the balance sheet from other assets as at 31 December 2007 to fixed assets as at 31 March 2008.

The decrease in development properties was due to the sales during the period which resulted in a transfer of associated cost of development in the balance sheet to cost of sales in the profit and loss account.

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 rental rates for offices to be satisfactory.

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 nor recommended for the first quarter ended 31 March 2008.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

<Place tabular results and/or notes here>

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

NA.

15. **A breakdown of sales.**

<Refer to Para 15 of Appendix 7.2 for the required details. Place tabular results and/or notes here>

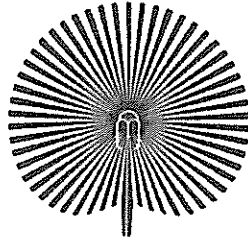
16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Year ()	Previous Year ()
Ordinary	-	-
Preference	-	-
Total :	-	-

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
15 May 2008



HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(4) 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 First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
15 May 2008