

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Second Quarter Financial Statement for the Period Ended 30 June 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.**

Second quarter financial statement on consolidated results for the period ended 30 June 2008.
These figures have not been audited.

	The Group		
	\$'000		%
	2nd Quarter 2008	2nd Quarter 2007	Increase/ (Decrease)
Revenue (Note 1)	11,463	14,879	(23)
Other income (Note 2)	173	267	(35)
	11,636	15,146	(23)
Write-back of impairment in receivables	47	51	(8)
Write-back of allowance for foreseeable losses and cost of development properties previously written down	-	3,701	NM
Write-back of impairment loss on other assets	-	24	NM
Gain on revaluation of investment properties	22,227	36,000	(38)
Cost of sales of development properties	(1,931)	(3,601)	(46)
Depreciation of fixed assets	(113)	(40)	183
Exchange (loss)/gain, net	(68)	11	NM
(Loss)/Gain on remeasurement of other investments	(143)	203	NM
Other expenses	(9,667)	(7,353)	31
Finance expense	(3,073)	(6,925)	(56)
	18,915	37,217	(49)
Share of results of associates, net of tax	(77)	(343)	(78)
Profit before income tax (Note 3)	18,838	36,874	(49)
Income tax expense	(123)	(61)	102
Income tax expense - overprovision in prior years	141	43	228
Deferred tax expense	5,571	(6,479)	NM
Profit for the period	24,427	30,377	(20)
Minority interest	326	-	NM
Profit for the period attributable to equity holders of the Company	24,753	30,377	(19)

Notes :

- (1) Included in Revenue is investment income of approximately \$11,000 (2007 : \$14,000).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$118,000 (2007 : \$203,000).
- (3) Included in Profit before income tax is profit on sale of development properties of approximately \$290,000 (2007 : \$483,000).
- (4) NM – Not Meaningful.
- (5) 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	
	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Non-current Assets				
Fixed assets	65,096	908	-	-
Subsidiaries	-	-	212,609	233,451
Associates	115,553	122,471	-	-
Investment properties	1,125,489	1,331,022	-	-
Investment properties under development	7,400	-	-	-
Other investments	347	367	-	-
Other assets	516	64,294	-	-
	1,314,401	1,519,062	212,609	233,451
Current Assets				
Other investments	651	1,078	-	-
Development properties	330,660	24,171	-	-
Trade and other receivables	13,355	15,669	9	3
Cash and cash equivalents	1,365	2,113	320	418
	346,031	43,031	329	421
Total Assets	1,660,432	1,562,093	212,938	233,872
Share capital	186,688	186,688	186,688	186,688
Reserves	696,780	678,121	9,565	33,326
Minority interest	18,244	19,257	-	-
Total Equity	901,712	884,066	196,253	220,014
Non-current Liabilities				
Obligations under finance leases	138	29	-	-
Loans	660,799	571,220	-	-
Deferred income	1,948	2,058	-	-
Financial guarantees	-	-	12,302	10,092
Deferred tax liability	74,689	80,259	-	-
	737,574	653,566	12,302	10,092
Current Liabilities				
Bank overdraft	2,137	1,219	-	-
Trade and other payables	17,683	22,300	743	1,252
Obligations under finance leases	63	53	-	-
Financial guarantees	-	-	3,640	2,514
Tax payable	1,263	889	-	-
	21,146	24,461	4,383	3,766
Total Liabilities	758,720	678,027	16,685	13,858
Total Equity and Liabilities	1,660,432	1,562,093	212,938	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 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$2,200,000	-	\$1,272,000	-

Amount repayable after one year

As at 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$660,937,000	-	\$571,249,000	-

Details of any collateral

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

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	
2nd Quarter 2008	2nd Quarter 2007
Operating Activities	
Profit before income tax	36,874
Adjustments for :	
Share of results of associates, net of tax	343
Amortisation of transaction cost of loans and borrowings	1,293
Write-back of impairment in receivables	(51)
Depreciation of fixed assets	40
Gain on disposal of fixed assets, net	(203)
Gain on revaluation of investment properties	(36,000)
Loss/(Gain) on remeasurement of other investments	(203)
Write-back of impairment loss on other assets	(24)
Write-back of allowance for foreseeable losses and cost of development properties previously written down	(3,701)
Interest income	(31)
Interest expenses	5,632
Operating (loss)/profit before working capital changes	3,969
Changes in working capital :	
Development properties	3,436
Trade and other receivables	272
Trade and other payables	1,813
Cash generated from operations	9,490
Income tax paid	(41)
Interest income received	33
Income tax refund	43
Cash Flows from Operating Activities	9,525
Investing Activities	
Capital expenditure on investment properties and investment properties under development	-
Purchase of other investments	(15)
Refund for excess payment made on acquisition of land	-
Purchase of fixed assets	(13)
Proceeds from disposals of fixed assets	339
Cash Flows from Investing Activities	311
Financing Activities	
Interest expense paid	(5,740)
Repayment of loans and borrowings	(5,000)
Payment of finance lease rentals	(47)
Proceeds from loans	-
Cash Flows from Financing Activities	(10,787)
Net Increase/(Decrease) in Cash and Cash Equivalents	(951)
Cash and cash equivalents at 1 April	(290)
Effect of exchange rate fluctuations	-
Cash and Cash Equivalents at 30 June	(1,241)
Cash and Cash Equivalents at 30 June is represented by :	
Cash at banks and in hand	968
Bank overdraft	(2,209)
	(1,241)

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	Minority Interest	Total
The Group						
At 1 April 2007	150,713	3,118	(26,265)	537,416	-	664,982
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	-	-	480	-	-	480
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	82	-	-	82
Share of reserves of associates	-	(707)	-	707	-	-
Net gains/(losses) recognised directly in equity	-	(699)	562	707	-	570
Profit for the period	-	-	-	30,377	-	30,377
Total recognised income and expense for the period	-	(699)	562	31,084	-	30,947
At 30 June 2007	150,713	2,419	(25,703)	568,500	-	695,929
At 1 April 2008	186,688	2,419	(38,815)	710,665	18,735	879,692
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(1,575)	-	(165)	(1,740)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(667)	-	-	(667)
Net gains/(losses) recognised directly in equity	-	-	(2,242)	-	(165)	(2,407)
Profit for the period	-	-	-	24,753	(326)	24,427
Total recognised income and expense for the period	-	-	(2,242)	24,753	(491)	22,020
At 30 June 2008	186,688	2,419	(41,057)	735,418	18,244	901,712
The Company						
At 1 April 2007	150,713	-	-	40,523	-	191,236
Profit for the period	-	-	-	42	-	42
Total recognised income and expense for the period	-	-	-	42	-	42
At 30 June 2007	150,713	-	-	40,565	-	191,278
At 1 April 2008	186,688	-	-	17,481	-	204,169
Loss for the period	-	-	-	(7,916)	-	(7,916)
Total recognised income and expense for the period	-	-	-	(7,916)	-	(7,916)
At 30 June 2008	186,688	-	-	9,565	-	196,253

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	
2nd Quarter 2008	2nd Quarter 2007
3.75 cts	5.07 cts
3.75 cts	5.07 cts

The profit per ordinary share was calculated based on the profit for the period attributable to equity holders of approximately \$24,753,000 (2007 : \$30,377,000) and the number of ordinary shares in issue of 659,554,698 (2007 : 599,595,180).

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	
30.06.2008	31.12.2007	30.06.2008	31.12.2007
137 cts	134 cts	30 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's revenue for the current period decreased approximately by \$3.4 million as compared to the previous period. This was mainly due to a decrease in sales revenue and rental income from its development and investment properties respectively. There was no rental income from the retail units and apartments of The Concourse in this quarter as these units are being demolished.

The Group recorded a profit of approximately \$24.8 million as compared to a profit of approximately \$30.4 million for the previous period. This was principally due to a decrease in the gain on revaluation of its investment properties, the absence of write-back of allowance for foreseeable losses and cost of development properties previously written down and an increase in other expenses due to stamp duty incurred on the upgrading premium of the lease tenure for the land at Beach Road. However, there was a decrease in finance expense due to lower interest rates incurred on the loans

despite an increase in borrowings. In addition, a reclassification of certain amounts from investment properties to development properties as explained below has resulted in a decrease in the deferred tax expense.

The Group has commenced redevelopment of the existing Concourse shops and apartments to a part 4/part 7-storey podium car park and apartments with 1st storey commercial units and 2 blocks of part 20/part 28-storey and part 34/part 40-storey residential flats with communal facilities ("Concourse Skyline").

This redevelopment will not affect the existing office tower of The Concourse. The residential flats will be held for sale, while the 1st storey commercial units to be redeveloped will be held for leasing.

The Group has paid an upgrading premium of \$83.0 million on 20 June 2008 to top-up the lease tenure of The Concourse/Concourse Skyline, to 99 years with effect from 13 March 2008, so that the lease will expire in 2107. The original lease was due to expire in 2079.

The property at Beach Road classified as investment properties as at 31 December 2007 was reclassified to investment properties under development for the development rights relating to the commercial component of Concourse Skyline, development properties for the development rights relating to the residential component of Concourse Skyline while the office tower of The Concourse remains as investment properties as at 30 June 2008. These properties were revalued at their open market values as at 20 June 2008 by a firm of independent professional valuers.

The Group obtained the 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 30 June 2008.

The Group's loans increased due mainly to the financing of its payment for the development charge for balcony gross floor area of Concourse Skyline and the said upgrading premium of \$83.0 million.

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. The Group plans to market the residential units of Concourse Skyline in the 2nd half of 2008.

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 second quarter ended 30 June 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
14 August 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 Second Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 June 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
14 August 2008