

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2008**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a) An income statement (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 2008.

These figures have not been audited.

	The Group		
	\$'000		%
	3rd Quarter 2008	3rd Quarter 2007	Increase/ (Decrease)
Revenue	11,284	11,398	(1)
Other income (Note 1)	98	34	188
	11,382	11,432	-
Gain on disposal of subsidiaries	-	339	NM
Gain on revaluation of investment properties	-	6,236	NM
Exchange gain, net	227	878	(74)
Write-back of impairment loss on other assets	-	27	NM
Depreciation of fixed assets	(103)	(89)	16
Impairment in receivables and bad debts written off, net	(144)	(2,206)	(93)
Loss on remeasurement of other investments	(179)	(229)	(22)
Other expenses	(7,297)	(9,789)	(25)
Finance expense	(3,156)	(5,012)	(37)
	730	1,587	(54)
Share of results of associates, net of tax	(658)	680	NM
Profit before income tax	72	2,267	(97)
Income tax expense	(149)	(87)	71
Income tax expense - underprovision in prior years	(1,404)	-	NM
(Loss)/Profit for the period	(1,481)	2,180	NM
Minority interest	195	(246)	NM
(Loss)/Profit for the period attributable to equity holders of the Company	(1,286)	1,934	NM

Notes :

(1) Included in Other income is net gain on disposal of fixed assets of approximately \$Nil (2007 : \$2,000).

(2) NM – Not Meaningful.

(3) 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	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
Non-current Assets				
Fixed assets	65,057	908	-	-
Subsidiaries	-	-	210,317	233,451
Associates	122,141	122,471	-	-
Investment properties	1,128,495	1,331,022	-	-
Investment properties under development	7,498	-	-	-
Other investments	369	367	-	-
Other assets	523	64,294	-	-
	1,324,083	1,519,062	210,317	233,451
Current Assets				
Other investments	473	1,078	-	-
Development properties	327,858	24,171	-	-
Trade and other receivables	4,061	15,669	17	3
Cash and cash equivalents	2,040	2,113	311	418
	334,432	43,031	328	421
Total Assets	1,658,515	1,562,093	210,645	233,872
Share capital	186,688	186,688	186,688	186,688
Reserves	703,344	678,121	8,164	33,326
Minority interest	18,605	19,257	-	-
Total Equity	908,637	884,066	194,852	220,014
Non-current Liabilities				
Obligations under finance leases	127	29	-	-
Loans	648,379	571,220	-	-
Deferred income	2,069	2,058	-	-
Financial guarantees	-	-	11,363	10,092
Deferred tax liability	74,688	80,259	-	-
	725,263	653,566	11,363	10,092
Current Liabilities				
Bank overdraft	-	1,219	-	-
Trade and other payables	21,792	22,300	744	1,252
Obligations under finance leases	57	53	-	-
Loans	43	-	-	-
Financial guarantees	-	-	3,686	2,514
Tax payable	2,723	889	-	-
	24,615	24,461	4,430	3,766
Total Liabilities	749,878	678,027	15,793	13,858
Total Equity and Liabilities	1,658,515	1,562,093	210,645	233,872

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 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$100,000	-	\$1,272,000	-

Amount repayable after one year

As at 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
\$648,506,000	-	\$571,249,000	-

Details of any collaterals

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	
3rd Quarter 2008	3rd Quarter 2007
Operating Activities	
Profit before income tax	2,267
Adjustments for :	
Share of results of associates, net of tax	(680)
Allowance for impairment in receivables and bad debts written off, net	2,206
Amortisation of transaction cost of loans	98
Depreciation of fixed assets	89
Gain on revaluation of investment properties	(6,236)
Gain on disposal of subsidiaries	(339)
Gain on disposal of fixed assets, net	(2)
Loss on remeasurement of other investments	229
Write-back of impairment loss on other assets	(27)
Interest income	(29)
Interest expense	4,914
Operating profit before working capital changes	2,490
Changes in working capital :	
Development properties	-
Trade and other receivables	(2,385)
Trade and other payables	1,684
Cash generated from operations	1,789
Income tax paid	(33)
Interest income received	26
Cash Flows from Operating Activities	1,782
Investing Activities	
Capital expenditure on investment properties	(1,455)
Capital expenditure on investment properties under development	-
Purchase of fixed assets	(33)
Proceeds from disposal of fixed assets	2
Acquisition of subsidiaries, net of cash	5,105
Cash Flows from Investing Activities	3,619
Financing Activities	
Interest expense paid	(5,974)
Repayment of loans and borrowings	(6,409)
Payment of finance lease rentals	(25)
Proceeds from loans	10,096
Cash Flows from Financing Activities	(2,312)
Net Increase in Cash and Cash Equivalents	3,089
Cash and cash equivalents at 1 July	(1,241)
Effect of exchange rate fluctuations	(1)
Cash and Cash Equivalents at 30 September	1,847
Cash and Cash Equivalents at 30 September is represented by :	
Cash at banks and in hand	3,283
Bank overdraft	(1,436)
	1,847

Summary of net effect of acquisition/disposal of subsidiaries

The Group	
\$'000	
3rd Quarter 2008	3rd Quarter 2007
Fixed assets	759
Investment properties	50,049
Other investments	385
Trade and other receivables	560
Cash and cash equivalents	424
Trade and other payables	(2,400)
Loans and borrowings	(21,395)
Minority interest	(19,360)
	9,022
Less interest in subsidiaries previously accounted for as associates	(13,364)
Net assets disposed	(4,342)
Loss on disposal	(339)
Net cash acquired	(4,681)
Cash acquired	(424)
Cash inflow on acquisition of subsidiaries, net of cash	(5,105)

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 July 2007	150,713	2,419	(25,703)	568,500	-	695,929
Exchange differences on translation of balances at beginning of the period	-	(1)	-	-	-	(1)
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(3,513)	-	-	(3,513)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(956)	-	-	(956)
Share of reserves of associates	-	(47)	-	-	-	(47)
Net gains/(losses) recognised directly in equity	-	(48)	(4,469)	-	-	(4,517)
Profit for the period	-	-	-	1,934	246	2,180
Total recognised income and expense for the period	-	(48)	(4,469)	1,934	246	(2,337)
Effects arising on acquisition/disposal of subsidiaries	-	-	-	-	19,360	19,360
Interim bonus dividend payable of \$0.06 (net of tax of 18%) per share	-	-	-	(35,975)	-	(35,975)
At 30 September 2007	150,713	2,371	(30,172)	534,459	19,606	676,977
At 1 July 2008	186,688	2,419	(41,057)	735,418	18,244	901,712
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	5,407	-	556	5,963
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	2,443	-	-	2,443
Net gains/(losses) recognised directly in equity	-	-	7,850	-	556	8,406
Loss for the period	-	-	-	(1,286)	(195)	(1,481)
Total recognised income and expense for the period	-	-	7,850	(1,286)	361	6,925
At 30 September 2008	186,688	2,419	(33,207)	734,132	18,605	908,637
The Company						
At 1 July 2007	150,713	-	-	40,565	-	191,278
Profit for the period	-	-	-	21,750	-	21,750
Total recognised income and expense for the period	-	-	-	21,750	-	21,750
Interim bonus dividend payable of \$0.06 (net of tax of 18%) per share	-	-	-	(35,975)	-	(35,975)
At 30 September 2007	150,713	-	-	26,340	-	177,053
At 1 July 2008	186,688	-	-	9,565	-	196,253
Loss for the period	-	-	-	(1,401)	-	(1,401)
Total recognised income and expense for the period	-	-	-	(1,401)	-	(1,401)
At 30 September 2008	186,688	-	-	8,164	-	194,852

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.

In September 2007, the Company undertook a renounceable non-underwritten rights issue of 59,959,518 new ordinary shares ("Rights Shares") on the basis of one Rights Share for every ten ordinary shares held by the shareholders at an issue price of \$0.60 per share, with the availability of option to elect to utilise the net interim bonus dividend of \$0.06 per ordinary share declared by the Company, to subscribe for the Rights Shares. The rights issue was fully subscribed and the Rights Shares were issued in December 2007.

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

30.09.2008	31.12.2007
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 or 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.

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 2008	3rd Quarter 2007
(0.19) cts	0.32 cts
(0.19) cts	0.30 cts

The basic earnings per ordinary share was calculated based on the loss for the period attributable to equity holders of approximately \$1,286,000 (2007 : profit of \$1,934,000) and the weighted average number of ordinary shares on issue of 659,554,698 (2007 : 599,595,180).

The fully diluted earnings per ordinary share was calculated based on the loss for the period attributable to equity holders of approximately \$1,286,000 (2007 : profit of \$1,934,000) and the fully diluted number of ordinary shares on issue of 659,554,698 (2007 : 636,724,573). The number of ordinary shares for the period ended 30 September 2007 was arrived at after taking into consideration the potential shares arising from the exercise of Rights Shares of \$0.60 each which diluted the basic earnings per share.

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	
30.09.2008	31.12.2007	30.09.2008	31.12.2007
138 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.**

There was only a slight decrease in the Group's revenue for the current period as compared to the previous corresponding period. This was principally because the increase in rental income from its investment properties partially offset the loss of rental income from the retail units and service apartments of The Concourse for this period as these units are in the process of demolition.

The Group recorded a profit before share of results of associates of approximately \$730,000 as compared to a profit of approximately \$1,587,000 for the previous corresponding period. This was mainly attributable to the absence of gain on revaluation of investment properties and decrease in exchange gain due to the weakening of the Hong Kong dollar against the Singapore dollar. However, these were offset partially by decrease in impairment in receivables and bad debts written off, absence of expenses incurred on its loans and borrowings that were refinanced in the previous corresponding period and decrease in finance expense due to lower interest rates incurred on its loans despite an increase in loans.

In addition, there was a loss from associates in the current period as compared to a profit in the previous corresponding period.

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, had been reclassified from other assets as at 31 December 2007 to fixed assets as at 30 September 2008.

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").

As such, 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 September 2008.

The decrease in trade and other receivables was mainly due to compensation received in relation to a settlement of a construction agreement between a subsidiary of the Company and a third party, the refund of goods and services tax and certain amount incurred for Concourse Skyline reclassified from other receivables to development properties and investment properties under development.

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 upgrading premium paid 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 instead of 2079.

The increase in tax payable was mainly due to prior year tax issue resolved with the Comptroller of Income Tax.

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 launched the sales of the residential units of Concourse Skyline in September 2008. In spite of the current property market condition, the Group achieved satisfactory sales as Concourse Skyline is a unique development, directly linked to the upcoming Nicoll Highway MRT Station that offers sweeping waterway and city views, and overlooks Singapore's newest and most exciting attractions.

The Group expects the operating environment for its office rental and residential property sales to remain challenging in view of the current global economic crisis.

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 ? Yes

(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/recommendeded for the third quarter ended 30 September 2008.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
14 November 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 Third Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 September 2008 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 2008