

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2009

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 2009.
These figures have not been audited.

	The Group		
	\$'000		%
	3rd Quarter 2009	3rd Quarter 2008	Increase/ (Decrease)
Revenue	15,477	11,284	37
Other income (Note 1)	366	98	273
	15,843	11,382	39
Cost of sales of development properties	(3,524)	-	NM
Depreciation of fixed assets	(98)	(103)	(5)
Exchange (loss)/gain, net	(462)	227	NM
Gain/(Loss) on remeasurement of other investments	176	(179)	NM
Impairment in trade and other receivables and bad debts written off, net	(161)	(18)	794
Write-back of allowance for diminution in value of development properties	380	-	NM
Write-back of impairment loss on other assets	40	-	NM
Other expenses	(7,770)	(7,423)	5
	4,424	3,886	14
Finance expense	(2,553)	(3,156)	(19)
	1,871	730	156
Share of results of associates, net of tax	(470)	(658)	(29)
Profit before income tax (Note 2)	1,401	72	1,846
Income tax expense	(478)	(149)	221
Income tax expense - underprovision in prior years	-	(1,404)	NM
Deferred tax expense	5,073	-	NM
Profit/(Loss) for the period	5,996	(1,481)	NM
Other comprehensive income :			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(3,269)	5,963	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(1,116)	2,443	NM
Change in fair value of available-for-sale investments	27	-	NM
Other comprehensive income/(expense), net of tax	(4,358)	8,406	NM
Total comprehensive income/(expense) for the period	1,638	6,925	(76)
Profit/(Loss) attributable to :			
Owners of the Company	4,401	(1,286)	NM
Minority interest	1,595	(195)	NM
	5,996	(1,481)	NM
Total comprehensive income/(expense) attributable to :			
Owners of the Company	545	6,564	(92)
Minority interest	1,093	361	203
	1,638	6,925	(76)

Notes:

- (1) Included in Other income is net gain on disposal of fixed assets of approximately \$2,000 (2008 : \$Nil).
- (2) Included in Profit before income tax is net profit on disposal of development properties of approximately \$118,000 (2008 : \$Nil).
- (3) NM – Not Meaningful.
- (4) 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	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Non-current Assets				
Fixed assets	1,085	1,223	-	-
Subsidiaries	-	-	235,533	229,693
Associates	115,601	116,709	-	-
Investment properties	1,029,536	1,094,530	-	-
Other investments	839	299	-	-
Other assets	377	433	-	-
Deferred tax assets	3,031	-	-	-
	1,150,469	1,213,194	235,533	229,693
Current Assets				
Other investments	638	320	-	-
Development properties	357,780	315,426	-	-
Trade and other receivables	24,393	8,525	17	4
Cash and cash equivalents	31,599	11,475	314	498
	414,410	335,746	331	502
Total Assets	1,564,879	1,548,940	235,864	230,195
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	627,307	606,116	36,885	28,391
	813,995	792,804	223,573	215,079
Minority Interest	28,843	22,061	-	-
Total Equity	842,838	814,865	223,573	215,079
Non-current Liabilities				
Obligations under finance leases	113	115	-	-
Loans	491,001	649,486	-	-
Deferred income	2,025	2,069	-	-
Financial guarantees	-	-	7,486	10,406
Deferred tax liability	53,333	56,470	-	-
	546,472	708,140	7,486	10,406
Current Liabilities				
Bank overdraft	452	2,208	-	-
Trade and other payables	24,303	21,701	928	976
Obligations under finance leases	57	52	-	-
Loans	148,446	44	-	-
Financial guarantees	-	-	3,877	3,734
Tax payable	2,311	1,930	-	-
	175,569	25,935	4,805	4,710
Total Liabilities	722,041	734,075	12,291	15,116
Total Equity and Liabilities	1,564,879	1,548,940	235,864	230,195

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 30.09.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$148,911,000	\$44,000	\$2,260,000	\$44,000

Amount repayable after one year

As at 30.09.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$491,022,000	\$92,000	\$649,473,000	\$128,000

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 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 2009	3rd Quarter 2008
Operating Activities			
Profit before income tax		1,401	72
Adjustments for :			
Share of results of associates, net of tax		470	658
Amortisation of transaction cost of loans		178	175
Depreciation of fixed assets		98	103
Gain on disposal of other assets		(261)	-
Gain on disposal of fixed assets, net		(2)	-
(Gain)/Loss on remeasurement of other investments		(176)	179
Impairment in trade and other receivables and bad debts written off, net		161	18
Write-back of impairment loss on other assets		(40)	-
Write-back of allowance for diminution in value of development properties		(380)	-
Interest income		(30)	(13)
Interest expense		2,375	2,981
		3,794	4,173
Changes in working capital :			
Development properties		35,741	2,931
Trade and other receivables		(18,023)	9,239
Trade and other payables		(194)	3,926
Cash generated from operations		21,318	20,269
Income tax paid		(420)	(93)
Interest income received		23	19
Cash Flows from Operating Activities		20,921	20,195
Investing Activities			
Capital expenditure on investment properties		(137)	(48)
Purchase of fixed assets		(94)	(30)
Purchase of other investments		(575)	-
Proceeds from disposal of other assets		332	-
Proceeds from disposal of fixed assets		48	-
Cash Flows from Investing Activities		(426)	(78)
Financing Activities			
Interest expense paid		(2,564)	(3,083)
Repayment of loans		(4,614)	(15,158)
Payment of finance lease rentals		(14)	(17)
Proceeds from loans		1,118	934
Cash Flows from Financing Activities		(6,074)	(17,324)
Net Increase in Cash and Cash Equivalents		14,421	2,793
Cash and cash equivalents at 1 July		16,765	(772)
Effect of exchange rate fluctuations		(39)	19
Cash and Cash Equivalents at 30 September		31,147	2,040
Cash and Cash Equivalents at 30 September is represented by :			
Cash at banks and in hand		2,599	2,040
Fixed deposits		29,000	-
Bank overdraft		(452)	-
		31,147	2,040

Included in cash and cash equivalents as at 30 September 2009 is an amount held under the Housing Developers (Project Account) Rules of approximately \$29,663,000 (2008 : \$319,000) 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						
	Attributable to Owners of the Company					Minority Interest	Total Equity
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Earnings	Total		
The Group							
At 1 July 2008	186,688	2,419	(41,057)	735,418	883,468	18,244	901,712
Total comprehensive income/(expense) for the period	-	-	7,850	(1,286)	6,564	361	6,925
At 30 September 2008	186,688	2,419	(33,207)	734,132	890,032	18,605	908,637
At 1 July 2009	186,688	2,340	(32,670)	657,092	813,450	27,750	841,200
Total comprehensive income/(expense) for the period	-	16	(3,872)	4,401	545	1,093	1,638
At 30 September 2009	186,688	2,356	(36,542)	661,493	813,995	28,843	842,838
The Company							
At 1 July 2008	186,688	-	-	9,565	196,253	-	196,253
Total comprehensive income/(expense) for the period	-	-	-	(1,401)	(1,401)	-	(1,401)
At 30 September 2008	186,688	-	-	8,164	194,852	-	194,852
At 1 July 2009	186,688	-	-	35,972	222,660	-	222,660
Total comprehensive income/(expense) for the period	-	-	-	913	913	-	913
At 30 September 2009	186,688	-	-	36,885	223,573	-	223,573

- 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.**

	30.09.2009	31.12.2008
Total number of issued shares excluding treasury shares	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 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 2008.

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 and the Company have adopted Financial Reporting Standard (FRS) 1 (revised 2008) which became effective on 1 January 2009. This revised FRS requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (that is, comprehensive income) are presented in a separate statement of comprehensive income.

The adoption of FRS 1 (revised 2008) and the various new or revised FRSs, including its consequential amendments and interpretations do not have any material impact on the Group and the Company's financial position or results.

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 2009	3rd Quarter 2008
0.67 cts	(0.19) cts
0.67 cts	(0.19) cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the profit for the period of approximately \$4,401,000 (2008 : loss of \$1,286,000) and the weighted average number of ordinary shares outstanding of 659,554,698 (2008 : 659,554,698).

There are no potential dilutive ordinary shares in existence as at 30 September 2009 and 30 September 2008.

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	
30.09.2009	31.12.2008	30.09.2009	31.12.2008
128 cts	124 cts	34 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 increased approximately by \$4.2 million as compared to the previous period. This was mainly due to sales of its development properties and an increase in contribution of rental income from its investment properties arising from higher rental rates.

The Group's other income increased due mainly to gain on disposal of club membership in the current period.

The Group reported a profit before share of results of associates of approximately \$1.9 million as compared to a profit of approximately \$0.7 million for the previous period. This increase in profit was mainly contributed by gain from the sales of development properties, write-back of allowance for diminution in value of development properties and also a decrease in finance expense due to lower interest rates incurred on its loans coupled with a decrease in loans.

In the current period, the residential development at 38 Conduit Road, Hong Kong, known as THE ICON was reclassified from investment properties to development properties. As a result of this reclassification, there was a credit in deferred tax expense.

The decrease in investment properties was due to the said reclassification of THE ICON which was partially offset by a gain on its revaluation as of 30 June 2009.

There was a deferred tax asset in the current period because of the probability of the utilisation of unutilised tax losses.

With the reclassification of THE ICON, there was an increase in development properties. However, this increase was partially offset by monies received from the sales of THE ICON and Concourse Skyline development.

There was an increase in trade and other receivables as the monies collected from the sales of THE ICON was recorded as stakeholders' monies which can only be used for the payment of its construction costs. However, the receipt of 2008 compensation income in 2009 in relation to leases of its investment properties partially offset the increase in trade and other receivables.

The progress instalments received from the sales of Concourse Skyline development contributed to an increase in cash and cash equivalents.

In November 2009, the Group has obtained from a bank an extension for its loan repayable in one year (due September 2010) to September 2014. The amount of this loan as at 30 September 2009 was approximately \$148.4 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 the office rental market to remain challenging. As at to-date, sales of Concourse Skyline development has been encouraging with 161 units sold. THE ICON is expected to be completed in 2010 and to-date 60 units out of a total of 68 units were sold.

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/recommended for the third quarter ended 30 September 2009.

BY ORDER OF THE BOARD

Koh Chay Tiang
Company Secretary
13 November 2009



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 2009 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Kim Pong

Cheong Hooi Kheng

Singapore
13 November 2009