HONG FOK CORPORATION LIMITED
(Co. Reg. No. 196700468N)

Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 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.

Full year financial statement on consolidated results for the year ended 31 December 2009.
These figures have not been audited.

	The Group		
	$'000		%
	2009	2008	Increase/ (Decrease)
Revenue (Note 1)	54,514	52,447	4
Other income (Note 2)	873	5,825	(85)
	55,387	58,272	(5)
Bad debts recovered	-	16	NM
Cost of development properties written off	-	(164)	NM
Cost of sales of development properties	(5,311)	(6,729)	(21)
Depreciation of fixed assets	(395)	(387)	2
Exchange (loss)/gain, net	(186)	93	NM
Gain/(Loss) on revaluation of investment properties	3,874	(85,046)	NM
Gain/(Loss) on remeasurement of other investments	350	(758)	NM
Impairment in trade and other receivables and bad debts written off, net	(386)	(31)	1,145
Loss on disposal of rights and interest in a subsidiary	(2,204)	-	NM
Loss on dilution of shareholding in a subsidiary	(987)	-	NM
Write-back of/(Allowance for) diminution in value of development properties	380	(429)	NM
Write-back of impairment loss/(Impairment loss) on other assets	15	(100)	NM
Other expenses	(31,653)	(35,747)	(11)
	18,884	(71,010)	NM
Finance expense	(10,647)	(13,800)	(23)
	8,237	(84,810)	NM
Share of results of associates, net of tax	7,766	(6,105)	NM
Profit/(Loss) before income tax (Note 3)	16,003	(90,915)	NM
Income tax expense	(3,037)	(1,522)	100
Income tax expense - over/(under)provision in prior years	447	(1,179)	NM
Deferred tax expense	6,555	23,789	(72)
Profit/(Loss) for the year	19,968	(69,827)	NM
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(2,902)	488	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(894)	208	NM
Change in fair value of available-for-sale investments	9	(70)	NM
Other comprehensive income/(expense), net of tax	(3,787)	626	NM
Total comprehensive income/(expense) for the year	16,181	(69,201)	NM
Profit/(Loss) attributable to:			
Owners of the Company	14,000	(72,512)	NM
Minority interest	5,968	2,685	122
	19,968	(69,827)	NM
Total comprehensive income/(expense) attributable to:			
Owners of the Company	10,358	(72,005)	NM
Minority interest	5,823	2,804	108
	16,181	(69,201)	NM

Notes:
(1) Included in Revenue is investment income of approximately $12,000 (2008 : $18,000).
(2) Included in Other income is net gain on disposal of fixed assets of approximately $46,000 (2008 : $236,000).
(3) Included in Profit/(Loss) before income tax is net profit on disposal of development properties of approximately $280,000 (2008 : $3,094,000).
(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	
	2009	2008	2009	2008
Non-current Assets				
Fixed assets	431	1,223	-	-
Subsidiaries	-	-	230,123	229,693
Associates	151,601	116,709	39	-
Investment properties	1,014,824	1,094,530	-	-
Other investments	-	299	-	-
Other assets	377	433	-	-
	1,167,233	1,213,194	230,162	229,693
Current Assets				
Other investments	684	320	-	-
Development properties	272,332	315,426	-	-
Trade and other receivables	2,520	8,525	4	4
Cash and cash equivalents	42,811	11,475	315	498
	318,347	335,746	319	502
Total Assets	1,485,580	1,548,940	230,481	230,195
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	616,474	606,116	32,680	28,391
	803,162	792,804	219,368	215,079
Minority Interest	-	22,061	-	-
Total Equity	803,162	814,865	219,368	215,079
Non-current Liabilities				
Obligations under finance leases	101	115	-	-
Loans	606,183	649,486	-	-
Deferred income	-	2,069	-	-
Financial guarantees	-	-	6,479	10,406
Deferred tax liability	49,915	56,470	-	-
	656,199	708,140	6,479	10,406
Current Liabilities				
Bank overdraft	362	2,208	-	-
Trade and other payables	22,836	21,701	707	976
Obligations under finance leases	55	52	-	-
Loans	-	44	-	-
Financial guarantees	-	-	3,927	3,734
Tax payable	2,966	1,930	-	-
	26,219	25,935	4,634	4,710
Total Liabilities	682,418	734,075	11,113	15,116
Total Equity and Liabilities	1,485,580	1,548,940	230,481	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 31.12.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
$417,000	-	$2,260,000	$44,000

Amount repayable after one year

As at 31.12.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
$606,284,000	-	$649,473,000	$128,000

Details of any collaterals

The borrowings by the subsidiaries are generally secured by the Group's investment properties and development properties and are guaranteed by 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	
	2009	2008
Operating Activities		
Profit/(Loss) before income tax	16,003	(90,915)
Adjustments for:		
Share of results of associates, net of tax	(7,766)	6,105
Amortisation of transaction cost of loans	712	638
Cost of development properties written off	-	164
Depreciation of fixed assets	395	387
Gain on disposal of fixed assets, net	(46)	(236)
Gain on disposal of other assets	(258)	-
(Gain)/Loss on remeasurement of other investments	(350)	758
(Gain)/Loss on revaluation of investment properties	(3,874)	85,046
Impairment in trade and other receivables and bad debts written off, net	386	31
Loss on disposal of rights and interest in a subsidiary	2,204	-
Loss on dilution of shareholding in a subsidiary	987	-
(Write-back of impairment loss)/Impairment loss on other assets	(15)	100
(Write-back of allowance for)/Allowance for diminution in value of development properties	(380)	429
Interest income	(166)	(88)
Interest expense	9,935	13,162
	17,767	15,581
Changes in working capital:		
Development properties	27,511	(25,910)
Trade and other receivables	5,422	6,895
Trade and other payables	3,761	(440)
Cash generated from/(used in) operations	54,461	(3,874)
Income tax paid	(1,544)	(1,779)
Interest income received	99	247
Income tax refund	68	119
Cash Flows from Operating Activities	53,084	(5,287)
Investing Activities		
Capital expenditure on investment properties	(2,591)	(49,143)
Disposal of a subsidiary, net of cash	5,993	-
Purchase of fixed assets	(244)	(568)
Proceeds from disposal of fixed assets	97	263
Proceeds from disposal of other assets	328	-
Cash Flows from Investing Activities	3,583	(49,448)
Financing Activities		
Contribution from minority shareholders	3,040	-
Increase in payable to minority shareholders	1,355	-
Interest expense paid	(10,930)	(14,338)
Repayment of loans	(20,054)	(12,991)
Payment of finance lease rentals	(61)	(78)
Proceeds from loans	3,175	90,509
Cash Flows from Financing Activities	(23,475)	63,102
Net Increase in Cash and Cash Equivalents	33,192	8,367
Cash and cash equivalents at 1 January	9,267	894
Effect of exchange rate fluctuations	(10)	6
Cash and Cash Equivalents at 31 December	42,449	9,267
Cash and Cash Equivalents at 31 December is represented by:		
Cash at banks and in hand	1,820	2,475
Fixed deposits	40,991	9,000
Bank overdraft	(362)	(2,208)
	42,449	9,267

Included in cash and cash equivalents as at 31 December 2009 is an amount held under the Housing Developers (Project Account) Rules of approximately $36,812,000 (2008 : $10,032,000) the use of which is subject to restriction imposed by the said Rules.

Summary of Effect on Disposal of a Subsidiary

On 16 December 2009, the Company through its subsidiaries disposed of 20% interests in Winfoong International Limited ("WIL"). The net assets of WIL Group at the date of disposal were as follows:

	$'000	
	2009	2008
Fixed assets	646	-
Fixed deposits	1	-
Other investments	868	-
Development properties	13,328	-
Trade and other receivables	110,878	-
Cash and cash equivalents	145	-
Trade and other payables	(26,133)	-
Loans	(26,532)	-
	73,201	-
Interest in subsidiary now accounted for as interest in associates	(60,166)	-
Realisation of reserves	(298)	-
Net assets disposed	12,737	-
Loss on disposal	(3,859)	-
Unrealised loss on disposal retained via interest in associates	1,655	-
Net cash acquired (A)	10,533	-

Summary of Loss on Dilution of Shareholding in a Subsidiary

In December 2009, WIL (previously a subsidiary of the Company) issued and allotted 239,241,098 ordinary shares of HK$0.05 each to the existing qualifying shareholders pursuant to the rights issue on the basis of one rights shares for every ten shares held (the "Rights Issue") at a subscription price of HK$0.07 per share. As the Company through its subsidiaries sold all its nil-paid rights allotted, there was a deemed loss on dilution of its shareholding in WIL. The net assets of WIL Group at the date of the Rights Issue were as follows:

	$'000	
	2009	
	Before Rights Issue	After Rights Issue
Fixed assets	646	646
Fixed deposits	1	1
Other investments	868	868
Development properties	13,328	13,328
Trade and other receivables	110,878	110,878
Cash and cash equivalents	145	4,540
Trade and other payables	(26,133)	(27,488)
Loans	(26,532)	(26,532)
	73,201	76,241
Equity interest in associates owned by the Group *	42.81%	38.92%
Net assets of associates shared by the Group	31,337	29,673
Unrealised loss on dilution retained via interest in associates	-	694
	31,337	30,367

Net assets of associates shared by the Group	
After Rights Issue	30,367
Before Rights Issue	(31,337)
	(970)
Realisation of reserves	37
Exchange difference	(54)
Loss on dilution of shareholding in a subsidiary	(987)
Net cash disposed (B)	(4,540)
Net cash inflow on disposals, net of cash (A + B)	5,993

* For the purpose of the above disclosure, the Group's equity interest excludes that held by an associate of the Group.

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						
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Earnings	Total	Minority Interest	Total Equity
The Group							
At 1 January 2008	186,688	2,419	(33,588)	709,290	864,809	19,257	884,066
Total comprehensive income/(expense) for the year	-	(44)	551	(72,512)	(72,005)	2,804	(69,201)
At 31 December 2008	186,688	2,375	(33,037)	636,778	792,804	22,061	814,865
At 1 January 2009	186,688	2,375	(33,037)	636,778	792,804	22,061	814,865
Total comprehensive income/(expense) for the year	-	4	(3,646)	14,000	10,358	5,823	16,181
Contribution from minority shareholders	-	-	-	-	-	3,040	3,040
Disposal of a subsidiary	-	-	-	-	-	(30,924)	(30,924)
At 31 December 2009	186,688	2,379	(36,683)	650,778	803,162	-	803,162
The Company							
At 1 January 2008	186,688	-	-	33,326	220,014	-	220,014
Total comprehensive income/(expense) for the year	-	-	-	(4,935)	(4,935)	-	(4,935)
At 31 December 2008	186,688	-	-	28,391	215,079	-	215,079
At 1 January 2009	186,688	-	-	28,391	215,079	-	215,079
Total comprehensive income/(expense) for the year	-	-	-	4,289	4,289	-	4,289
At 31 December 2009	186,688	-	-	32,680	219,368	-	219,368

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.

	2009	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 year 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) and FRS 108 which became effective on 1 January 2009. The revised FRS 1 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. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The adoption of FRS 1 (revised 2008), FRS 108 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.

	The Group	
	2009	2008
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	2.12 cts	(10.99) cts
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	2.12 cts	(10.99) cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the year of approximately $14,000,000 (2008 : loss of $72,512,000) and the weighted average number of ordinary shares outstanding of 659,554,698.

There are no potential dilutive ordinary shares in existence as at 31 December 2009 and 31 December 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.

	The Group		The Company	
	2009	2008	2009	2008
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	122 cts	124 cts	33 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.

On 16 December 2009, Winfoong International Limited ("WIL") and its subsidiaries ("the WIL Group") ceased to be subsidiaries of the Company and instead became its associates as a result of the Company's subsidiaries' disposal of approximately 20% of the then entire issued shares of WIL and all its nil-paid rights allotted to its subsidiaries pursuant to a rights issue by WIL. Hence, the balance sheet of WIL Group has not been included in the consolidated balance sheet of the Group but WIL Group's income has been included in the Group's statement of comprehensive income as WIL Group was a subsidiary of the Group up to this date.

The Group's revenue for 2009 increased from approximately $52.4 million to $54.5 million. This was mainly due to increase in rental income from its investment and development properties which more than offset a decrease in sales revenue from WIL Group's completed development properties, a decrease in property management income and a drop in income from the car parks located at The Concourse.

The Group's other income for 2009 decreased mainly due to much lower compensation income relating to the leases of its investment properties.

Although the decrease in other income more than offset the increase in revenue, the Group recorded a profit before its share of results of associates of approximately $8.2 million as compared to a loss of approximately $84.8 million. This turnaround from loss to profit was mainly due to the following:

(1) The Group recorded a small net gain on revaluation of the Group's and WIL Group's investment properties as compared to a significant loss on revaluation of these investment properties in 2008, as assessed by professional valuers.

(2) The improved property market condition has resulted in the write-back of allowance for diminution in value of the WIL Group's completed development properties in 2009.

(3) The improved stock market has also contributed to a write-back of impairment loss on remeasurement of other investments.

(4) The Group recorded a decrease in finance expense due to lower interest rates incurred on its loans coupled with a decrease in loans.

The associates contributed a profit in 2009 as compared to a loss in the previous year due mainly to gain on revaluation of its investment properties in Hong Kong, as assessed by professional valuers.

The credit in deferred tax expense in 2009 was mainly due to the change in corporate tax rate from 18% in 2008 to 17% in 2009 and the loss on revaluation from certain of the Group's investment properties during the year.

The non-inclusion of the WIL Group resulted in a decrease in the fixed assets, other investments (non-current) and other assets, but an increase in interest in associates for the Group.

The Group recorded a net decrease in value of its investment properties principally from the non-inclusion of Hong Kong properties of approximately HK$355.3 million (as of December 2008) owned by the WIL Group and the revaluation of its investment properties as of December 2009.

The increase in other investments (current) was principally due to a gain on remeasurement of its other investments as at 31 December 2009.

The Group recorded a decrease in development properties principally due to the non-inclusion of Singapore properties (of approximately $17.2 million as of December 2008) owned by the WIL Group and the monies collected from the sales of the residential units of Concourse Skyline. The latter was partially offset by construction costs and finance costs incurred on Concourse Skyline capitalised into development properties.

The decrease in trade and other receivables was mainly due to the receipt of 2008 compensation income in relation to leases of its investment properties.

The increase in cash and cash equivalents was due mainly to increase in fixed deposits placed from the proceeds in relation to the sale of residential units in Concourse Skyline and from the disposal of part of the Group's interests in WIL.

The Group's loans decreased due mainly to the exclusion of loans (of approximately $24.2 million) under WIL Group and the repayment of loans from monies collected from its investment and development properties.

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 in 2010 to be challenging given the substantial new office supply in the pipeline. The government's anti-speculative measures for residential properties may affect the sales of the Group's residential properties.

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 year ended 31 December 2009.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

	The Group $'000					
Business Segments	Property Investment	Property Development	Property Management	Other Operations	Eliminations	Total
2009						
Total revenue	47,059	8,166	1,135	622	(2,468)	54,514
Segment results	31,972	(6,326)	238	(6,391)	(609)	18,884
Finance expense	(10,484)	(108)	-	(55)		(10,647)
						8,237
Share of results of associates, net of tax						7,766
Income tax expense						3,965
Profit for the year						19,968
2008						
Total revenue	40,440	11,282	1,427	664	(1,366)	52,447
Segment results	(51,933)	(2,019)	261	(3,488)	(13,831)	(71,010)
Finance expense	(13,688)	(108)	-	(4)		(13,800)
						(84,810)
Share of results of associates, net of tax						(6,105)
Income tax expense						21,088
Loss for the year						(69,827)

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.

Please refer to paragraph 8 above.

15. A breakdown of sales as follows:

	The Group		
	$'000		%
	2009	2008	Increase/ (Decrease)
(a) Sales reported for first half year	25,027	29,527	(15)
(b) Profit after income tax before deducting minority interest reported for first half year	26,126	25,657	2
(c) Sales reported for second half year	29,487	22,920	29
(d) Loss after income tax before deducting minority interest reported for second half year	(6,158)	(95,484)	(94)

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

	The Company	
	$'000	
	2009	2008
(a) Ordinary	-	-
(b) Preference	-	-
(c) Total	-	-

BY ORDER OF THE BOARD

Koh Chay Tiang
Company Secretary
1 March 2010