

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Third Quarter Financial Statement for the Period Ended 30 September 2010**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 2010.
These figures have not been audited.

	The Group		
	\$'000		%
	3rd Quarter 2010	3rd Quarter 2009	Increase/ (Decrease)
Revenue (Note 1)	12,035	15,477	(22)
Other income (Note 2)	72	366	(80)
	12,107	15,843	(24)
Cost of sales of development properties	-	(3,524)	NM
Depreciation of fixed assets	(58)	(98)	(41)
Exchange loss, net	(6)	(462)	(99)
Gain on remeasurement of other investments	113	176	(36)
Impairment in trade and other receivables and bad debts written off, net	(12)	(161)	(93)
Impairment loss (made)/ written back on other assets	(10)	40	NM
Write-back of allowance for diminution in value of development properties	-	380	NM
Other expenses	(6,638)	(7,770)	(15)
	5,496	4,424	24
Finance expense	(2,207)	(2,553)	(14)
	3,289	1,871	76
Share of results of associates, net of tax	(301)	(470)	(36)
Profit before income tax (Note 3)	2,988	1,401	113
Income tax expense	(793)	(478)	66
Deferred tax expense	-	5,073	NM
Profit for the period	2,195	5,996	(63)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(6,510)	(3,269)	99
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(1,675)	(1,116)	50
Change in fair value of available-for-sale investments	21	27	(22)
Other comprehensive income for the period, net of income tax	(8,164)	(4,358)	87
Total comprehensive income for the period	(5,969)	1,638	NM
Profit attributable to:			
Owners of the Company	2,195	4,401	(50)
Non-controlling interests	-	1,595	NM
Profit for the period	2,195	5,996	(63)
Total comprehensive income attributable to:			
Owners of the Company	(5,969)	545	NM
Non-controlling interests	-	1,093	NM
Total comprehensive income for the period	(5,969)	1,638	NM

Notes:

- (1) Included in Revenue is investment income of approximately \$14,000 (2009 : \$Nil).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$Nil (2009 : \$2,000).
- (3) Included in Profit before income tax is net profit on disposal of development properties of approximately \$Nil (2009 : \$118,000).
- (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	
	30.09.2010	31.12.2009	30.09.2010	31.12.2009
Non-current Assets				
Fixed assets	347	431	-	-
Subsidiaries	-	-	239,083	230,123
Associates	140,892	151,601	-	39
Investment properties	1,016,141	1,014,824	-	-
Other assets	398	377	-	-
	1,157,778	1,167,233	239,083	230,162
Current Assets				
Other investments	644	683	-	-
Development properties	279,253	272,332	-	-
Trade and other receivables	2,309	2,520	16	4
Cash and cash equivalents	45,449	42,811	312	315
	327,655	318,346	328	319
Total Assets	1,485,433	1,485,579	239,411	230,481
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	611,737	616,474	44,596	32,680
Total Equity	798,425	803,162	231,284	219,368
Non-current Liabilities				
Obligations under finance leases	67	101	-	-
Loans	608,267	606,183	-	-
Financial guarantees	-	-	3,408	6,479
Deferred tax liability	49,915	49,915	-	-
	658,249	656,199	3,408	6,479
Current Liabilities				
Bank overdraft	899	362	-	-
Trade and other payables	24,996	22,836	641	707
Obligations under finance leases	46	54	-	-
Financial guarantees	-	-	4,078	3,927
Tax payable	2,818	2,966	-	-
	28,759	26,218	4,719	4,634
Total Liabilities	687,008	682,417	8,127	11,113
Total Equity and Liabilities	1,485,433	1,485,579	239,411	230,481

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 30.09.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$945,000	-	\$416,000	-

Amount repayable after one year

As at 30.09.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$608,334,000	-	\$606,284,000	-

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.

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 2010	3rd Quarter 2009
Operating Activities		
Profit before income tax	2,988	1,401
Adjustments for:		
Share of results of associates, net of tax	301	470
Amortisation of transaction cost of loans	185	178
Depreciation of fixed assets	58	98
Gain on disposal of fixed assets, net	-	(2)
Gain on disposal of other assets	-	(261)
Gain on disposal of other investments	(12)	-
Gain on remeasurement of other investments	(113)	(176)
Impairment in trade and other receivables and bad debts written off, net	12	161
Impairment loss made/(written back) on other assets	10	(40)
Write-back of allowance for diminution in value of development properties	-	(380)
Interest income	(23)	(30)
Interest expense	2,022	2,375
	5,428	3,794
Changes in working capital:		
Development properties	(1,625)	35,741
Trade and other receivables	61	(18,023)
Trade and other payables	(99)	(194)
Cash generated from operations	3,765	21,318
Income tax paid	(814)	(420)
Interest income received	16	23
Cash Flows from Operating Activities	2,967	20,921
Investing Activities		
Capital expenditure on investment properties	(815)	(137)
Purchase of fixed assets	(21)	(94)
Purchase of other investments	-	(575)
Proceeds from disposal of fixed assets	-	48
Proceeds from disposal of other assets	-	332
Proceeds from disposal of other investments	116	-
Cash Flows from Investing Activities	(720)	(426)
Financing Activities		
Interest expense paid	(2,186)	(2,564)
Repayment of loans	(3,463)	(4,614)
Payment of finance lease rentals	(14)	(14)
Proceeds from loans	85	1,118
Cash Flows from Financing Activities	(5,578)	(6,074)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,331)	14,421
Cash and cash equivalents at 1 July	47,881	16,765
Effect of exchange rate fluctuations	-	(39)
Cash and Cash Equivalents at 30 September	44,550	31,147
Cash and Cash Equivalents at 30 September is represented by:		
Cash at banks and in hand	1,449	2,599
Fixed deposits	44,000	29,000
Bank overdraft	(899)	(452)
	44,550	31,147

Included in cash and cash equivalents as at 30 September 2010 is an amount held under the Housing Developers (Project Account) Rules of approximately \$44,364,000 (2009 : \$29,663,000) 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					Non-Controlling Interests	Total Equity	
Share Capital	Capital and Other Reserves	Translation Reserves	Retained Profit	Total			
The Group							
At 1 July 2009	186,688	2,340	(32,670)	657,092	813,450	27,750	841,200
Total comprehensive income for the period							
Profit for the period	-	-	-	4,401	4,401	1,595	5,996
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(2,756)	-	(2,756)	(513)	(3,269)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(1,116)	-	(1,116)	-	(1,116)
Change in fair value of available-for-sale investments	-	16	-	-	16	11	27
Total other comprehensive income	-	16	(3,872)	-	(3,856)	(502)	(4,358)
Total comprehensive income 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
At 1 July 2010	186,688	2,448	(39,214)	654,472	804,394	-	804,394
Total comprehensive income for the period							
Profit for the period	-	-	-	2,195	2,195	-	2,195
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(6,510)	-	(6,510)	-	(6,510)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(1,675)	-	(1,675)	-	(1,675)
Change in fair value of available-for-sale investments	-	21	-	-	21	-	21
Total other comprehensive income	-	21	(8,185)	-	(8,164)	-	(8,164)
Total comprehensive income for the period	-	21	(8,185)	2,195	(5,969)	-	(5,969)
At 30 September 2010	186,688	2,469	(47,399)	656,667	798,425	-	798,425
The Company							
At 1 July 2009	186,688	-	-	35,972	222,660	-	222,660
Profit for the period - Total comprehensive income for the period	-	-	-	913	913	-	913
At 30 September 2009	186,688	-	-	36,885	223,573	-	223,573
At 1 July 2010	186,688	-	-	44,227	230,915	-	230,915
Profit for the period - Total comprehensive income for the period	-	-	-	369	369	-	369
At 30 September 2010	186,688	-	-	44,596	231,284	-	231,284

- 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.**

Total number of issued shares excluding treasury shares

30.09.2010	31.12.2009
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 2009.

- 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 has adopted Financial Reporting Standard (FRS) 103 (revised 2009) and FRS 27 (amended) which became effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (previously minority interests).

The FRS 27 (amended) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

FRS 103 (revised 2009) and FRS 27 (amended) will be applied prospectively and therefore there will be no impact on prior periods in the Group's financial statements for the year ending 31 December 2010.

At 31 December 2009, the Company through its subsidiaries had 48.57% equity interest in its associate, Goldease Investments Limited ("Goldease"). In January 2010, the Company acquired an additional 51.43% equity interest in Goldease, resulting in Goldease and its subsidiaries becoming wholly-owned subsidiaries of the Company.

As the acquisition of interest in Goldease was completed in January 2010, the transaction was affected by the revised FRS 103 and amendments to FRS 27. The impact arising from this transaction had been disclosed in the announcement for the first quarter ended 31 March 2010.

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 2010	3rd Quarter 2009
0.33 cts	0.67 cts
0.33 cts	0.67 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$2,195,000 (2009 : \$4,401,000) and the weighted average number of ordinary shares outstanding of 659,554,698.

There are no potential dilutive ordinary shares in existence as at 30 September 2010 and 30 September 2009.

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	
30.09.2010	31.12.2009	30.09.2010	31.12.2009
121 cts	122 cts	35 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 the absence of revenue from the sale of its completed development properties.

The Group's other income was much higher in 2009 as compared to the current period as there was gain on disposal of club membership in the previous period.

Notwithstanding the decrease in revenue and other income, the Group recorded an increase in profit before its share of results of associates of approximately \$1.4 million. This was attributable to the decreases in (a) impairment in receivables and bad debts written off, (b) finance expense due to lower interest rates incurred on its loans coupled with a decrease in loans and (c) other expenses due to lower general and administrative expenses.

However, the Group's profit after income tax decreased approximately by \$3.8 million as compared to the previous period. This was mainly due to a credit in deferred tax expense in the previous period as a result of the reclassification of a residential development in Hong Kong from investment properties to 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 rental and occupancy rate of the office property market to be relatively stable. However, the current market cooling measures on residential property sales may have an impact.

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

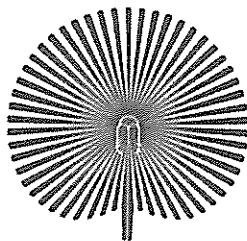
NA.

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 2010.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
12 November 2010



HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(5) 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 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Kim Pong

Cheong Hooi Kheng

Singapore
12 November 2010