HONG FOK CORPORATION LIMITED

WELL POSITIONED FOR GROWTH

Annual Report 2010

CONTENTS

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of HONG FOK CORPORATION LIMITED (the "Company"), I present the annual report of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2010.

REVIEW OF RESULTS

The Group's revenue for 2010 decreased from approximately $54.5 million to $50.2 million. This was mainly due to lower sales of completed development properties and the non-inclusion of revenue like rental income and horticultural services from the subsidiaries of Winfoong International Limited ("WIL") as WIL ceased to be a subsidiary in December 2009. The non-inclusion of WIL Group also resulted in a decrease in other income for the Group in 2010.

Although revenue and other income have decreased, the Group's profit before its share of results of associates for 2010 increased from approximately $8.2 million to $100.0 million. This significant increase in profit was mainly due to the following:

(1) The Group recorded a significant gain on revaluation of its investment properties as compared to a marginal gain on revaluation of the Group's and WIL Group's investment properties in 2009, as assessed by professional valuers.

(2) The Group also had a gain on fair value of previously-held equity interest in associates in 2010 as compared to the loss on disposal of interest and dilution of shareholdings in a subsidiary in 2009.

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

The associates contributed a higher profit in 2010 as compared to 2009 due mainly to gain on revaluation of its investment properties in Hong Kong, as assessed by professional valuers.

The increase in deferred tax expense and deferred tax liability in 2010 was mainly due to the gain on revaluation of the Group's investment properties as at December 2010. 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 in 2009.

The Group recorded an increase in value of its investment properties due to the revaluation of these properties as of December 2010.

The increase in development properties for 2010 was due mainly to the inclusion of certain Singapore properties arising from the acquisition of a subsidiary that was previously an associate in 2009 and the construction costs incurred for Concourse Skyline after deduction of the monies collected from the sales of the residential units of Concourse Skyline.

The increase in trade and other payables was mainly due to cost payable for the construction of Concourse Skyline.

The increase in net asset value per ordinary share was principally due to the increase in value of its investment properties.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2010.

REVIEW OF OPERATIONS

For the year ended 31 December 2010, the Group enjoyed good occupancy and satisfactory rental rates for its investment properties at The Concourse and International Building.

The Group is currently developing a part 4/part 7-storey podium car park and apartments with commercial units on the 1st storey, 2 blocks of part 20/part 28-storey and part 34/part 40-storey housing a total of 360 residential units and 9 retail units known as Concourse Skyline.

The Group sold more than 50 residential units of Concourse Skyline in 2010.

PROSPECTS

The current market cooling measures will continue to have an impact on the residential property sales. However, the demand for office space is improving.

ACKNOWLEDGEMENT

My fellow directors and I wish to express our sincere thanks to our shareholders, tenants, customers and business associates for their support. I thank my colleagues on the Board, the management and staff of the Group for their valuable contribution, strong support and hard work.

CHEONG KIM PONG
Chairman

CORPORATE INFORMATION

HONG FOK CORPORATION LIMITED is a public company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The principal activity of the Company is that of investment holding whose subsidiaries are primarily engaged in property investment, property development and construction, property management, investment trading and investment holding and management.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr Cheong Kim Pong
Chairman & Managing Director

Mr Cheong Pin Chuan
Managing Director

Ms Cheong Hooi Kheng
Mr Cheong Sim Eng

NON-EXECUTIVE DIRECTORS
Mr Jackson Lee
Mr Tan Tock Han
Mr Lai Meng Seng

AUDIT COMMITTEE

Mr Jackson Lee
Chairman

Mr Tan Tock Han
Mr Lai Meng Seng

SECRETARIES

Ms Koh Chay Tiang
Ms Dorothy Ho

AUDITORS

KPMG LLP
Public Accountants and
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel : 6213 3388
Fax : 6225 4142
Ms Yvonne Chiu Sok Hua
Partner-in-charge
Year of Appointment : 2007

REGISTRARS

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel : 6593 4848
Fax : 6593 4847

REGISTERED OFFICE

300 Beach Road #41-00
The Concourse
Singapore 199555
Tel : 6292 8181
Fax : 6293 8689

PROPERTY SUMMARY

Property	Description	Lot Nos.	Stage of Completion/ Expected Date of Completion	Existing Use	Approximate		Percentage Owned (%)	Tenure of Land
					Site Area (m^2)	Gross Floor Area (m^2)		
INVESTMENT PROPERTIES								
International Building at Orchard Road, Singapore	A 12-storey commercial building	956X of Town Subdivision 25	Completed	Offices/ Shops/ Restaurants	4,224	14,802 (1)	100	Freehold
Land at Claymore Hill, Singapore	Vacant land	1719L of Town Subdivision 25	–	–	832	–	100	Freehold
The Concourse at Beach Road, Singapore	A 41-storey office tower block with 2 basements	1110V of Town Subdivision 13	Completed	Offices/ Cafe	11,715	62,931	100	99 years lease from 13/3/2008
Concourse Skyline at Beach Road, Singapore	Retail units at 1st storey	1110V of Town Subdivision 13	Piling works completed and reinforced concrete works in progress/ December 2013	–	115	619	100	99 years lease from 13/3/2008
DEVELOPMENT PROPERTIES								
Concourse Skyline at Beach Road, Singapore	A part 4/part 7-storey podium car park and apartments with 2 blocks of part 20/part 28-storey and part 34/ part 40-storey residential flats with communal facilities	1110V of Town Subdivision 13	Piling works completed and reinforced concrete works in progress/ December 2013	–	8,662	46,529	100	99 years lease from 13/3/2008
Jewel of Balmoral at Balmoral Park, Singapore	A 10-storey residential development	U2179A, U2180P, U2188M, and U2193V of Town Subdivision 26	Completed	Residential	1,651	591 (2)	100	Freehold
ten@suffolk at Suffolk Road, Singapore	A part 13/part 15- storey residential development	U3606X, U3618K and U3594K of Town Subdivision 28	Completed	Residential	1,653	360 (3)	100	Freehold

NOTES:

(1) Excludes 593m^2 of floor space which are held by third parties on 999 years lease.

(2) This represents 4 out of 16 units at Jewel of Balmoral.

(3) This represents 3 out of 37 units at ten@suffolk.

SUMMARY OF THE GROUP

SUMMARY OF THE RESULTS OF THE GROUP

For the last 5 financial years are as follows:

	2010	2009	2008	2007	2006
	$	$	$	$	$
Revenue	**50,177,323**	54,514,114	52,446,801	58,183,058	63,234,740
Profit/(Loss) before share of results of associates	**100,030,511**	8,236,293	(84,809,686)	223,377,555	(12,117,178)
Share of results of associates	**15,583,847**	7,766,039	(6,105,158)	4,628,991	(3,553,163)
Profit/(Loss) before income tax	**115,614,358**	16,002,332	(90,914,844)	228,006,546	(15,670,341)
Income tax expense	**(16,371,216)**	3,965,451	21,088,017	(16,539,504)	(429,291)
Profit/(Loss) for the year	**99,243,142**	19,967,783	(69,826,827)	211,467,042	(16,099,632)
Dividend	**–**	–	–	35,975,711	–

SUMMARY OF THE ASSETS AND LIABILITIES OF THE GROUP

For the last 5 financial years are as follows:

	2010	2009	2008	2007	2006
	$	$	$	$	$
Fixed assets	**312,238**	431,080	1,222,787	907,809	568,382
Associates	**153,056,249**	151,600,761	116,708,545	122,470,536	159,688,399
Investment properties	**1,104,802,636**	1,014,823,524	1,094,530,479	1,331,022,040	1,053,380,000
Other non-current assets	**396,580**	377,098	731,397	64,661,023	407,844
Current assets	**330,930,834**	318,346,166	335,746,825	43,030,921	37,903,517
Total Assets	**1,589,498,537**	1,485,578,629	1,548,940,033	1,562,092,329	1,251,948,142
Share capital	**186,688,384**	186,688,384	186,688,384	186,688,384	150,712,673
Reserves	**700,653,340**	616,473,313	606,115,907	678,120,657	594,536,712
Non-controlling interest	**–**	–	22,061,043	19,256,863	–
Total Equity	**887,341,724**	803,161,697	814,865,334	884,065,904	745,249,385
Non-current liabilities	**670,430,227**	656,198,494	708,140,073	653,565,703	485,812,237
Current liabilities	**31,726,586**	26,218,438	25,934,626	24,460,722	20,886,520
Total Liabilities	**702,156,813**	682,416,932	734,074,699	678,026,425	506,698,757
Total Equity and Liabilities	**1,589,498,537**	1,485,578,629	1,548,940,033	1,562,092,329	1,251,948,142

FINANCIAL REPORT

CORPORATE GOVERNANCE STATEMENT

Year Ended 31 December 2010

The Board of Directors of the Company (the "Board") is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Board strives to implement the best practices embodied in the Code of Corporate Governance 2005 (the "Code") where feasible and as far as practicable.

BOARD MATTERS

The Board's Conduct of its Affairs

The Board consists of seven members who have appropriate corporate experience.

The Board holds meetings on a regular basis during the year to review the Company's and the Group's operations and financial results. Details of attendance of the directors of the Company (the "Directors") at the Board meetings and Audit Committee meetings are set out on page 11.

Guidelines are established to specify which material transactions require the Board's approval. These transactions include mergers and acquisitions, divestments and major capital expenditure.

Board Composition and Balance

Of the seven Directors, three are non-executive. Mr Jackson Lee, Mr Tan Tock Han and Mr Lai Meng Seng, the three non-executive Directors are deemed to be independent, by definition of the Code. This is in compliance with the Code which recommends that independent directors make up at least one-third of the board of directors. The Board is of the view that the present size of the Board is appropriate for the current needs and demands of the Company's and the Group's operations.

During the year, the non-executive Directors constructively challenged and helped the management develop proposals on business strategies for the Company and the Group. The Board also reviews the performance of the management in achieving agreed goals and objectives for the Company and the Group, and monitors the reporting of performance.

Chairman and Chief Executive Officer

Mr Cheong Kim Pong is both the Chairman of the Board, as well as the Group's Chief Executive Officer ("CEO")/Managing Director. Given the size and that the Company's and the Group's current business operations and administration have been relatively stable and straightforward, the Board is satisfied that one person is able to effectively discharge the duties of both positions. Additionally, the Board has at least one-third majority of independent Directors, which complies with the recommendation from the Code. This helps to maintain a certain balance of power within the Board. However, going forward, the Board will review from time to time, the need to separate the roles of the Chairman and the CEO if the situation warrants it.

Board Membership

Currently, the Board does not have a Nominating Committee as the Board has been relatively stable with a low turnover in the past few years. However, if the need arises, the Board as a whole, will decide on the nomination and appointment of new directors. Details of the Directors' qualifications, directorships and other particulars are set out on page 12.

Board Performance

The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board reviews and approves the Company's and the Group's strategic plans, key operational initiatives, major investments and funding decisions, annual business plans, reviews the financial performance of the Company and the Group and evaluates the performance and compensation of senior management personnel.

Currently, the Board does not have a Remuneration Committee. Annually, the Board conducts an informal assessment of the individual Director's contribution. No Director decides his or her own remuneration. The Group's remuneration policy is to provide compensation packages which will reward, retain and motivate its executives and Directors.

Access to Information

The Board has separate and independent access to management and the Company Secretary. The Company Secretary attends Board meetings and ensures that board procedures, applicable rules and regulations are complied with. Management provides the Board with reports of the Company's and the Group's performance, financial position and prospects, and these are reviewed by the Board at each Board meeting. Directors may obtain independent professional advice in furtherance of their duties, at the Company's and the Group's expense.

REMUNERATION MATTERS

Summary of Directors' remunerations for the financial year ended 31 December 2010:

Remuneration Band Name of Director	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than $250,000					
Mr Jackson Lee	–	100	–	–	100
Mr Tan Tock Han	–	100	–	–	100
Mr Lai Meng Seng	–	100	–	–	100
$250,000 to $1,499,999					
–	–	–	–	–	–
$1,500,000 to $1,749,999					
Ms Cheong Hooi Kheng	51	–	47	2	100
$1,750,000 to $1,999,999					
–	–	–	–	–	–
$2,000,000 to $2,249,999					
Mr Cheong Pin Chuan	46	–	54	–	100
$2,250,000 to $2,499,999					
–	–	–	–	–	–
$2,500,000 to $2,749,999					
Mr Cheong Kim Pong	55	–	41	4	100
$2,750,000 to $2,999,999					
Mr Cheong Sim Eng	56	–	40	4	100

Summary of key executives' remunerations for the financial year ended 31 December 2010:

Remuneration Band Designation of Executive	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than $250,000					
Vice President (Marketing)	65	–	25	10	100
$250,000 to $499,999					
Vice President (Accounts and Finance)/ Company Secretary	73	–	27	–	100
Personal Assistant to Directors	59	–	22	19	100
Vice President (Projects)	72	–	27	1	100
$500,000 to $749,999					
Vice President (Property Maintenance)	69	–	26	5	100
Vice President (Administration and Personnel)	66	–	25	9	100

Remuneration Packages of Employees who are related to the Directors, or CEO of the Company

For the current financial year, the Personal Assistant to Directors, Vice President (Property Maintenance) and Vice President (Administration and Personnel) were the employees of the Group whose remuneration exceeded $150,000 each during the financial year who are related to Mr Cheong Kim Pong, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who are Directors.

Information of the key executive officers is set out on pages 12 and 13.

The Company does not have any employee share option scheme.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee comprises three independent non-executive Directors who have accounting or related financial management experience.

The Audit Committee has full access to and co-operation of the management. The Audit Committee also has discretion to invite any Director or executive officer to attend its meetings and is assured of adequate resources to enable it to discharge its function properly. KPMG LLP, the Company's external auditors have unrestricted access to the Audit Committee.

The Audit Committee meets periodically with management and auditors of the Company to discuss and review:

(a) the annual and quarterly financial statements and announcements to shareholders of the Company (the "Shareholders") before submission to the Board for adoption;

(b) the Company's and the Group's accounting policies and system of internal controls;

(c) the audit plan of the Company's external and internal auditors;

(d) the results of the Company's external and internal auditors' examination and their evaluation of the Company's and the Group's internal control system;

(e) the independence and objectivity of the Company's external auditors;

(f) the assistance given by the Company's and the Group's officers to the Company's external and internal auditors;

(g) interested party transactions; and

(h) recommendation to the Board regarding the appointment or re-appointment of external auditors of the Company at the Annual General Meeting.

To enable the Audit Committee to discharge its functions more effectively, the Company has outsourced its internal audit function to a reputable international accounting firm which is not the external auditor. The internal audit function reports to the Audit Committee. The Audit Committee reviews and approves the internal audit plan for execution.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Directors regularly review the effectiveness of all internal controls, including operational controls.

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the Shareholders' investments and assets of the Company and the Group. The Audit Committee has been assigned to oversee and review the effectiveness of these controls at least annually.

Risk assessment and evaluation take place as an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

The Audit Committee has reviewed the volume of non-audit services to the Company and the Group by the Company's external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Hence, the Audit Committee has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as the Company's external auditors at the forthcoming Annual General Meeting of the Company.

The Board and the Audit Committee have reviewed the appointment of different auditors for its subsidiaries and significant associates and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 716 of the Listing Manual of the SGX-ST.

COMMUNICATION WITH SHAREHOLDERS

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company and the Group are made to the Shareholders. Any such information, should they arise, are communicated to the Shareholders through the Company's annual reports and announcements to the SGX-ST. The Board and management are present at Annual General Meetings to address any questions that the Shareholders may have. The external auditors of the Company are also present to assist the Board in addressing relevant queries by the Shareholders. Shareholders have the opportunity to vote in person or by proxy.

INTERESTED PERSON TRANSACTIONS

During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000)
Directors and their associates Consideration for the sale of 4 units to directors and their associates in a residential development	$6,442,740	N.A.

MATERIAL CONTRACTS

Save for the interested person transactions disclosed above and in Note 28 (Related Party Transactions) to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the chief executive officer, each Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

SECURITIES TRANSACTIONS

The Company has adopted the Hong Fok Corporation Limited Best Practices Guide (Dealings in Company's Securities) (the "Guide"). The Guide sets out, inter alia, the restrictions on insider trading under the Securities and Futures Act, Chapter 289, the implications of insider trading as well as guidelines on dealings in securities. In addition, the Guide further elaborates that an officer of the Company should not deal in the securities of the Company on short-term considerations and the Company and its officers should not deal in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before its half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.

DIRECTORS' ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS

	Board		**Audit Committee**	
	No. of Meetings (1)	**Attendance**	**No. of Meetings (1)**	**Attendance**
Executive Directors				
Mr Cheong Kim Pong	5	4	N.A.	N.A.
Mr Cheong Pin Chuan (2)	5	1	N.A.	N.A.
Ms Cheong Hooi Kheng	5	5	N.A.	N.A.
Mr Cheong Sim Eng	5	4	N.A.	N.A.
Non-Executive Directors				
Mr Jackson Lee	5	5	5	5
Mr Tan Tock Han	5	3	5	4
Mr Lai Meng Seng	5	4	5	4

(1) In addition to these meetings, operational matters that require the Board's or Audit Committee's attention are also dealt with via circular resolutions.

(2) Mr Cheong Pin Chuan, who is working in Hong Kong, is either consulted on proposed resolutions and other matters to be discussed at meetings or participates in meetings via teleconference.

N.A.: Not applicable

CORPORATE GOVERNANCE STATEMENT
Year Ended 31 December 2010

INFORMATION OF THE DIRECTORS

Name of Director	Age	Academic and Professional Qualifications	Board Committees Served on as Chairman or Member	Directorship: Date First Appointed	Directorship: Date Last Re-elected
Mr Cheong Kim Pong	68	Attended Civil Engineering at The Technical College in Australia	Chairman of the Board	13 January 1968	29 April 2009
Mr Cheong Pin Chuan	61	Graduate of the Footscray Institute of Technology in Australia. Member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants	–	26 July 1971	29 April 2009
Ms Cheong Hooi Kheng (1)	58	Bachelor of Science Master of Business Administration	–	1 March 1989	28 April 2010
Mr Cheong Sim Eng	50	Bachelor of Arts	–	14 May 1990	28 April 2010
Mr Jackson Lee (2)	78	Fellow of the Institute of Chartered Accountants in Australia	Chairman of Audit Committee	1 April 1976	28 April 2010
Mr Tan Tock Han (1)	64	–	Member of Audit Committee	18 October 2001	29 April 2009
Mr Lai Meng Seng (3)	62	Advanced Diploma in Quantity Surveying from the Royal Melbourne Institute of Technology Australia	Member of Audit Committee	21 May 2007	25 April 2008

(1) Ms Cheong Hooi Kheng and Mr Tan Tock Han are also directors of KTL Global Limited.
(2) Mr Jackson Lee is also a director of Hong Leong Finance Limited.
(3) Mr Lai Meng Seng is also a director of KSH Holdings Limited.

INFORMATION OF THE KEY EXECUTIVE OFFICERS

Ms Cheong Puay Kheng, Vice President (Administration and Personnel)
Ms Cheong's job responsibilities essentially cover the planning, organisation and control of office administration and personnel management of the Group. She graduated from the Armstrong College of Berkeley in the United States of America with a Bachelor of Science degree. She has 32 years of experience at management level.

Ms Cheong Loo Kheng, Vice President (Property Maintenance)
Ms Cheong oversees the management and maintenance of some of the Group's properties in Singapore. She graduated from the University of Hawaii with a Bachelor of Business Administration degree. She has 31 years of experience at management level.

Mr Jimmy Yeo, Vice President (Marketing)
Mr Yeo is responsible for the marketing and leasing of the Group's real estate properties in Singapore. He holds a Master of Business Administration degree from the University of Hull in the United Kingdom and a Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. He is a fellow of the Marketing Institute of Singapore. He has 30 years of real estate marketing experience at management level.

Mr Lok Nam Moon, Vice President (Projects)
Mr Lok is responsible for all projects developments undertaken by the Group in Singapore. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering both from the University of Strathclyde in the United Kingdom. He is a Professional Engineer, a Chartered Engineer and a Chartered Professional Engineer registered with the Singapore Professional Engineers Board, Engineering Council in the United Kingdom and the Institute of Engineers (Australia) respectively. He is also a senior member of the Institution of Engineers in Singapore, a member of the Institute of Engineers in Australia and an Associate of the Institution of Structural Engineers in the United Kingdom. He has 30 years of experience in project management in Singapore.

Ms Koh Chay Tiang, Vice President (Accounts and Finance)/Company Secretary
Ms Koh is responsible for the accounts and finance functions of the Group in Singapore. She holds a Bachelor of Accountancy degree from the University of Singapore and is a Certified Public Accountant of Singapore. She has 28 years of experience at management level in Singapore.

Mr Cheong Aik Yen, Roy, Personal Assistant to Directors
Mr Cheong's job responsibilities cover identification and development of new business opportunities in the construction and property industry as well as in other areas. He graduated from the Western New England College in Massachusetts with a Bachelor of Science degree in Mechanical Engineering. He has 2 years of experience in the merchant banking field and 15 years of experience at management level in Singapore.

DIRECTORS' REPORT

Year Ended 31 December 2010

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

DIRECTORS

The Directors in office at the date of this report are as follows:

Executive Directors
Mr Cheong Kim Pong
Mr Cheong Pin Chuan
Ms Cheong Hooi Kheng
Mr Cheong Sim Eng

Non-Executive Directors
Mr Jackson Lee
Mr Tan Tock Han
Mr Lai Meng Seng

Pursuant to Section 153(2) of the Companies Act, Chapter 50, Mr Jackson Lee, who is over seventy years of age, retires and being eligible, offers himself for re-election as director under the provisions of Section 153(6) of the said Companies Act to hold office until the next Annual General Meeting.

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and any other related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director	Holdings at Beginning of the Year	Holdings at End of the Year
Hong Fok Corporation Limited		
Ordinary shares		
Mr Cheong Kim Pong		
- interest held	2,829,178	2,829,178
- deemed interests	104,612,103	104,612,103
Mr Cheong Pin Chuan		
- interest held	8,539,454	8,539,454
- deemed interests	105,296,633	105,296,633
Ms Cheong Hooi Kheng		
- interest held	10,569,000	10,569,000
Mr Cheong Sim Eng		
- interest held	73,775,300	74,020,300
- deemed interests	31,521,363	31,521,363
Mr Tan Tock Han		
- interest held	163,000	163,000
- deemed interests	14,712,999	14,712,999
Mr Lai Meng Seng		
- interest held	77,000	77,000

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares or debentures of the Company or of related corporations (other than wholly-owned subsidiaries) either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2011.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Since the end of the previous financial year, a wholly-owned subsidiary of the Company has in the normal course of business entered into contract services transactions with certain directors of the Group and parties in which these said directors are deemed to have an interest. Such transactions are carried out on normal commercial terms.

During the financial year, there were transactions totalling $6,442,740 relating to the sale of residential units in the development property known as "Concourse Skyline" at Beach Road by a wholly-owned subsidiary of the Company to interested persons being the directors and the chief executive officer and their relatives and controlling shareholders.

Other than a 3% discount given, the aforesaid parties have neither received nor will they become entitled to receive any benefit arising out of these transactions other than those which they may be entitled as members of the public who purchase the said units.

Except as disclosed above and in Note 28 (Related Party Transactions) to the Financial Statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

There were no material contracts entered into between the Company and its subsidiaries involving the interests of the Directors during the financial year.

SHARE OPTIONS

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT COMMITTEE

The Audit Committee members at the date of this report are as follows:

Mr Jackson Lee (Chairman)
Mr Tan Tock Han
Mr Lai Meng Seng

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board acting through the Audit Committee. The Audit Committee met during the year to review the scope of work of the Company's internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's and the Group's officers to the auditors. The financial statements of the Company and the consolidated financial statements of the Group were reviewed by the Audit Committee prior to their submission to the Directors for adoption.

The Audit Committee reviewed the independence of the auditors and determined that the auditors were independent in carrying out their audit of the financial statements.

The Audit Committee has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS
The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

CHEONG KIM PONG
Director

CHEONG SIM ENG
Director

Singapore
24 March 2011

STATEMENT BY DIRECTORS

Year Ended 31 December 2010

In our opinion:

(a) the financial statements set out on pages 19 to 55 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

ON BEHALF OF THE BOARD OF DIRECTORS

CHEONG KIM PONG
Director

CHEONG SIM ENG
Director

Singapore
24 March 2011

INDEPENDENT AUDITORS' REPORT

Year Ended 31 December 2010

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 55.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
24 March 2011

BALANCE SHEETS

As At 31 December 2010

		Group		Company	
	Note	2010	2009	2010	2009
		$	$	$	$
Non-current Assets					
Fixed assets	3	**312,238**	431,080	**–**	–
Subsidiaries	4	**–**	–	**238,310,336**	230,122,768
Associates	5	**153,056,249**	151,600,761	**–**	39,300
Investment properties	6	**1,104,802,636**	1,014,823,524	**–**	–
Other investments	7	**2**	2	**–**	–
Other assets	8	**396,578**	377,096	**–**	–
		1,258,567,703	1,167,232,463	**238,310,336**	230,162,068
Current Assets					
Other investments	7	**675,221**	683,690	**–**	–
Development properties	9	**283,673,325**	272,332,080	**–**	–
Trade and other receivables	10	**2,369,217**	2,519,425	**3,210**	3,584
Cash and cash equivalents	11	**44,213,071**	42,810,971	**314,112**	315,149
		330,930,834	318,346,166	**317,322**	318,733
Total Assets		**1,589,498,537**	1,485,578,629	**238,627,658**	230,480,801
Equity Attributable to Owners of the Company					
Share capital	12	**186,688,384**	186,688,384	**186,688,384**	186,688,384
Reserves	13	**700,653,340**	616,473,313	**44,739,882**	32,679,669
Total Equity		**887,341,724**	803,161,697	**231,428,266**	219,368,053
Non-current Liabilities					
Obligations under finance leases	14	**55,806**	100,610	**–**	–
Loans	14	**606,388,621**	606,183,084	**–**	–
Financial guarantees	14	**–**	–	**2,348,755**	6,479,287
Deferred tax liability	15	**63,985,800**	49,914,800	**–**	–
		670,430,227	656,198,494	**2,348,755**	6,479,287
Current Liabilities					
Bank overdraft	11	**–**	361,821	**–**	–
Trade and other payables	17	**28,807,539**	22,836,013	**720,105**	706,670
Obligations under finance leases	14	**44,804**	54,604	**–**	–
Financial guarantees	14	**–**	–	**4,130,532**	3,926,791
Tax payable		**2,874,243**	2,966,000	**–**	–
		31,726,586	26,218,438	**4,850,637**	4,633,461
Total Liabilities		**702,156,813**	682,416,932	**7,199,392**	11,112,748
Total Equity and Liabilities		**1,589,498,537**	1,485,578,629	**238,627,658**	230,480,801

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Revenue	18	**50,177,323**	54,514,114	–	–
Other income	19	**528,912**	873,118	–	285,756
		50,706,235	55,387,232	–	285,756
Cost of sales of development properties		**(2,054,591)**	(5,310,660)	–	–
Depreciation of fixed assets	3	**(186,816)**	(395,173)	–	–
Exchange loss, net		**(175,901)**	(186,072)	**(2,634,698)**	(834,821)
Gain on acquisition of a subsidiary	25	–	–	**10,547,167**	–
Gain on fair value of previously-held equity interest in associates	25	**1,377,927**	–	–	–
Gain on revaluation of investment properties		**88,241,999**	3,874,468	–	–
Loss on disposal of interest in a subsidiary	25	–	(2,203,535)	–	(1,348,807)
Loss on dilution of shareholdings in a subsidiary	25	–	(987,329)	–	–
Negative goodwill	25	**232,618**	–	–	–
Impairment loss written back on investment in a subsidiary		–	–	**974,533**	2,791,044
Other expenses		**(28,712,071)**	(31,295,016)	**(753,580)**	(405,197)
		109,429,400	18,883,915	**8,133,422**	487,975
Finance income	20	–	–	**3,926,791**	3,733,378
Finance expense	20	**(9,398,889)**	(10,647,622)	–	–
Net finance (expense)/income		**(9,398,889)**	(10,647,622)	**3,926,791**	3,733,378
Share of results of associates, net of tax		**15,583,847**	7,766,039	–	–
Profit before income tax	21	**115,614,358**	16,002,332	**12,060,213**	4,221,353
Income tax expense	23	**(16,371,216)**	3,965,451	–	67,800
Profit for the year		**99,243,142**	19,967,783	**12,060,213**	4,289,153
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**(11,454,926)**	(2,901,438)	–	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**(2,872,016)**	(894,266)	–	–
Effect of realisation of exchange reserves previously-held as interest in associates		**(824,215)**	–	–	–
Change in fair value of available-for-sale investments		**88,042**	8,427	–	–
Other comprehensive income for the year, net of income tax		**(15,063,115)**	(3,787,277)	–	–
Total comprehensive income for the year		**84,180,027**	16,180,506	**12,060,213**	4,289,153
Profit attributable to:					
Owners of the Company		**99,243,142**	14,000,272	**12,060,213**	4,289,153
Non-controlling interest		–	5,967,511	–	–
Profit for the year		**99,243,142**	19,967,783	**12,060,213**	4,289,153
Total comprehensive income attributable to:					
Owners of the Company		**84,180,027**	10,357,406	**12,060,213**	4,289,153
Non-controlling interest		–	5,823,100	–	–
Total comprehensive income for the year		**84,180,027**	16,180,506	**12,060,213**	4,289,153
Earnings per share (cents):					
Basic	24	**15.05**	2.12		
Diluted	24	**15.05**	2.12		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2010

Group	Share Capital $	Capital and Other Reserves $	Translation Reserves $	Retained Profit $	Total $	Non-controlling Interest $	Total Equity $
	Attributable to Owners of the Company						
At 1 January 2009	186,688,384	2,374,869	(33,037,309)	636,778,347	792,804,291	22,061,043	814,865,334
Total comprehensive income for the year							
Profit for the year	–	–	–	14,000,272	14,000,272	5,967,511	19,967,783
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	–	–	(2,752,302)	–	(2,752,302)	(149,136)	(2,901,438)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	–	–	(894,266)	–	(894,266)	–	(894,266)
Change in fair value of available-for-sale investments	–	3,702	–	–	3,702	4,725	8,427
Total other comprehensive income	–	3,702	(3,646,568)	–	(3,642,866)	(144,411)	(3,787,277)
Total comprehensive income for the year	–	3,702	(3,646,568)	14,000,272	10,357,406	5,823,100	16,180,506
Transactions with owners, recorded directly in equity							
Contribution from non-controlling shareholders	–	–	–	–	–	3,039,581	3,039,581
Disposal of a subsidiary	–	–	–	–	–	(30,923,724)	(30,923,724)
At 31 December 2009	186,688,384	2,378,571	(36,683,877)	650,778,619	803,161,697	–	803,161,697
At 1 January 2010	**186,688,384**	**2,378,571**	**(36,683,877)**	**650,778,619**	**803,161,697**	**–**	**803,161,697**
Total comprehensive income for the year							
Profit for the year	–	–	–	**99,243,142**	**99,243,142**	–	**99,243,142**
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	–	–	**(11,454,926)**	–	**(11,454,926)**	–	**(11,454,926)**
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	–	–	**(2,872,016)**	–	**(2,872,016)**	–	**(2,872,016)**
Effect of realisation of exchange reserves previously-held as interest in associates	–	–	**(824,215)**	–	**(824,215)**	–	**(824,215)**
Change in fair value of available-for-sale investments	–	**88,042**	–	–	**88,042**	–	**88,042**
Total other comprehensive income	–	**88,042**	**(15,151,157)**	–	**(15,063,115)**	–	**(15,063,115)**
Total comprehensive income for the year	–	**88,042**	**(15,151,157)**	**99,243,142**	**84,180,027**	–	**84,180,027**
At 31 December 2010	**186,688,384**	**2,466,613**	**(51,835,034)**	**750,021,761**	**887,341,724**	–	**887,341,724**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2010

Company	Share Capital $	Retained Profit $	Total $
At 1 January 2009	186,688,384	28,390,516	215,078,900
Profit for the year – Total comprehensive income for the year	–	4,289,153	4,289,153
At 31 December 2009	186,688,384	32,679,669	219,368,053
At 1 January 2010	**186,688,384**	**32,679,669**	**219,368,053**
Profit for the year – Total comprehensive income for the year	**–**	**12,060,213**	**12,060,213**
At 31 December 2010	**186,688,384**	**44,739,882**	**231,428,266**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2010

	Note	2010 $	2009 $
Operating Activities			
Profit before income tax		**115,614,358**	16,002,332
Adjustments for:			
Share of results of associates, net of tax		**(15,583,847)**	(7,766,039)
Amortisation of transaction cost of loans		**732,037**	712,483
Depreciation of fixed assets		**186,816**	395,173
Gain on disposal of fixed assets, net		**(109)**	(45,894)
Gain on disposal of other assets		**–**	(257,538)
Gain on disposal of other investments		**(12,921)**	–
Gain on fair value of previously-held equity interest in associates		**(1,377,927)**	–
Gain on remeasurement of other investments		**(85,041)**	(350,450)
Gain on revaluation of investment properties		**(88,241,999)**	(3,874,468)
Impairment in trade and other receivables and bad debts written off, net		**150,824**	385,572
Impairment loss written back on other assets		**(24,000)**	(15,000)
Loss on disposal of interest in a subsidiary		**–**	2,203,535
Loss on dilution of shareholdings in a subsidiary		**–**	987,329
Negative goodwill		**(232,618)**	–
Write-back of allowance for diminution in value of development properties		**–**	(380,010)
Interest income		**(94,100)**	(165,696)
Interest expense		**8,666,852**	9,935,139
		19,698,325	17,766,468
Changes in working capital:			
Development properties		**2,855,053**	27,511,199
Trade and other receivables		**892,326**	5,421,515
Trade and other payables		**5,831,164**	4,926,113
Cash generated from operations		**29,276,868**	55,625,295
Income tax paid		**(2,469,973)**	(1,543,559)
Interest income received		**76,982**	99,429
Income tax refund		**–**	67,800
Cash Flows from Operating Activities		**26,883,877**	54,248,965
Investing Activities			
Capital expenditure on investment properties		**(1,737,113)**	(2,591,073)
Purchase of fixed assets		**(50,456)**	(244,070)
Purchase of other investments		**(11,000)**	(575,355)
Proceeds from disposal of fixed assets		**2,921**	97,266
Proceeds from disposal of other assets		**–**	327,775
Proceeds from disposal of other investments		**117,431**	–
Acquisition of a subsidiary, net of cash acquired	25	**(9,492,045)**	–
Disposal of a subsidiary, net of cash	25	**–**	5,403,875
Cash Flows from Investing Activities		**(11,170,262)**	2,418,418
Financing Activities			
Interest expense paid		**(9,201,893)**	(10,930,145)
Contribution from non-controlling shareholders		**–**	3,039,581
Increase in payable to non-controlling shareholders		**–**	1,355,442
Payment of finance lease rentals		**(54,604)**	(61,028)
Repayment of loans		**(8,700,000)**	(20,053,538)
Proceeds from loans		**4,473,500**	3,174,980
Cash Flows from Financing Activities		**(13,482,997)**	(23,474,708)
Net Increase in Cash and Cash Equivalents		**2,230,618**	33,192,675
Cash and cash equivalents at beginning of the year		**42,449,150**	9,266,818
Effect of exchange rate fluctuations		**(466,697)**	(10,343)
Cash and Cash Equivalents at End of the Year	11	**44,213,071**	42,449,150

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 March 2011.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited is a company incorporated in the Republic of Singapore and has its registered office at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading, provision of horticultural services and investment holding and management.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 2.7 – estimation of allowance for foreseeable losses of properties under development
- Note 2.9 – estimation of the percentage of completion for property development project

Information about assumptions and estimation uncertainty that will have a significant risk of resulting in a material adjustment within the next financial year is included in the following note:

- Note 6 – revaluation of investment properties

Starting as of 1 January 2010, on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- The Group applies FRS 103 (Revised 2009) *Business Combinations* and FRS 27 (Amended) *Consolidated and Separate Financial Statements* which became effective as of 1 January 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 interest.
- The amended FRS 27 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 gain or loss recognised in profit or loss.

The changes in accounting policies have been applied prospectively and have no material impact on earnings per share.

Except for the above changes, the accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

2.2 Consolidation

Business Combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date the control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. For business acquisitions that were achieved in stages, the fair value of any non-controlling equity interest in the acquiree that is held immediately prior to obtaining control is used in the determination of goodwill, that is, it is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling Interest

Non-controlling interest represents the portion of net results of operations and net assets in subsidiaries that do not belong to owners of the Company. They are disclosed separately in the Group's profit or loss and balance sheet accordingly. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Associates

Associates are entities in which the Group has significant influence, but not control, over their financial and operational policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of these entities.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the interest in an associate, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In the Group's financial statements, they are accounted for using the equity method of accounting. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income or expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting of Subsidiaries and Associates

Investment in subsidiaries and associates are stated in the Company's balance sheet at cost less impairment loss.

2.3 Foreign Currencies

Translation of Foreign Currencies

Foreign currency transactions are translated to the respective functional currencies of the Group entities at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at rates of exchange closely approximate to those ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Translation differences are dealt with through profit or loss, except for differences arising from retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign Operations

The assets and liabilities of foreign operations are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. The results of foreign operations are translated to Singapore dollars at exchange rates prevailing at date of transactions. Exchange differences resulting from the translation are taken directly to translation reserves. On disposal of the foreign operation, the accumulated translation differences are recognised in profit or loss as part of the gain or loss on sale.

Net Investment in a Foreign Operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss arising on disposal.

2.4 Fixed Assets

Owned Assets

Fixed assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gain or loss on disposal of an item of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of fixed assets, and is recognised net within other income in profit or loss.

The cost of replacing a part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Leased Assets

Where fixed assets are financed by finance leases that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of the finance lease and the corresponding lease obligations are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are allocated over each finance lease term to give a constant rate of interest on the outstanding balance at the end of each period.

Leased assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Assets acquired under finance leases are depreciated in accordance with the policy set out in Note 2.16.

Depreciation

Fixed assets are depreciated on a straight-line basis to write off their costs over their estimated useful lives at the following annual rates:

Office equipment and furniture	–	20% to 100%
Motor vehicles	–	20%
Plant and equipment	–	20% to 30%
Furniture	–	20%
Leasehold land and building	–	2.5%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Land held for own use under an operating lease, the value of which cannot be measured separately from the value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2.5 Investment Properties

Investment properties are commercial properties which are not held with the intention of sale in the ordinary course of business and are held for their income or investment potential.

Investment properties under development are commercial properties that are under construction and are held for their rental income or investment potential.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change recognised in profit or loss. The fair value is determined annually by independent professional valuers. Rental income from investment properties is accounted for in the manner described in Note 2.9.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment properties is accounted for as if it is held under finance lease (see Note 2.16), and is accounted for in the same way as other investment properties leased under finance leases. Lease payments are accounted for as described in Note 2.16.

2.6 Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans, financial guarantees, obligations under finance leases and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents comprise fixed deposits, cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdraft which is repayable on demand and which form an integral part of the Group's cash management.

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment loss, and foreign exchange gain or loss on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

When an equity instrument does not have a quoted market price in an active market and other methods of determining fair value do not result in a reliable estimate, the investment is measured at cost less impairment loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The fair value of financial assets classified as held for trading is determined as the quoted bid price at the balance sheet date.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

Intra-group Financial Guarantees

Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

2.7 Development Properties

Development properties are properties which are held with the intention of sale in the ordinary course of business. They include completed properties and properties under development.

Completed properties are stated at the lower of cost and directors' estimate of net realisable value. Cost includes cost of land, borrowing costs and other related expenditure. Capitalisation of interest cost and other related expenditure ceases when the temporary occupation permit for the development is issued by the authorities or when active development is suspended for extended periods. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

Properties under development are stated at cost less any allowance for foreseeable losses considered necessary by the directors, net of progress instalments received and receivable. Cost comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding properties under development are capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Allowance for foreseeable losses is made in the period in which such loss is determined.

2.8 Impairment

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis. Any impairment loss is recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment loss in respect of financial assets measured at amortised cost and available-for-sale debt securities is reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment loss once recognised in profit or loss in respect of available-for-sale equity securities is not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than development properties, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, credited in equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value to use less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment loss recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists for all assets. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised.

2.9 Revenue Recognition

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or an equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or an equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method, which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11") issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under RAP 11, when (a) construction is beyond a preliminary stage, (b) minimum down payment criteria are met, (c) sales prices are collectible, and (d) aggregate sales proceeds and costs can be reasonably estimated, the percentage of completion method is an allowed alternative. If any of the above criteria are not met, pre-completion proceeds received are accounted for as deposits until such criteria are met.

Under the percentage of completion method, profit or loss is recognised in profit or loss only in respect of finalised sales agreements and to the extent that such profit or loss relates to the progress of construction work. The stage of completion is assessed by reference to the surveys of work performed.

Rental income and maintenance fees are recognised in profit or loss on a straight-line basis over the term of the leases.

Revenue upon disposal of investments is recognised in profit or loss at the contractual date.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Car park and interest income from late payment by tenants are recognised in profit or loss on an accrual basis. Interest income from deposits is accrued on an effective interest basis.

Property management income is recognised in profit or loss upon rendering of the services.

2.10 Key Management Personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. The directors of the Group and its subsidiaries, Vice Presidents of the respective departments and Personal Assistant to Directors are considered as key management personnel of the Group.

2.11 Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

2.12 Borrowing Costs

Borrowing costs comprise interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset less any income on the temporary investment of these borrowings. The capitalisation rate is based on the attributable cost of the specific borrowings. All other borrowing costs are written off to profit or loss in the year in which they are incurred except for fees for the arrangement of financing facilities which are recognised over the period of the facilities on an effective interest basis.

2.13 Income Tax Expense

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of the prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14 Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.15 Finance Income and Expense

Finance income relates to amortisation of financial guarantees that are recognised in profit or loss.

Finance expense comprises interest expense on loans and amortisation of transaction costs capitalised. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.16 Leases

When Entities within the Group are Lessees of a Finance Lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, fixed assets acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When Entities within the Group are Lessors of an Operating Lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.17 Government Grants – Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

2.18 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 FIXED ASSETS

Group	Leasehold Land and Building $	Office Equipment and Furniture $	Motor Vehicles $	Plant and Equipment $	Furniture $	Total $
Cost						
At 1 January 2009	165,976	2,014,661	1,288,980	1,068,616	324,186	4,862,419
Translation differences	(3,579)	(15,362)	(9,419)	–	–	(28,360)
Additions	–	75,988	96,945	108,974	10,963	292,870
Disposals	(12,660)	(69,478)	(132,234)	–	(125,693)	(340,065)
Disposal of a subsidiary	(149,737)	(729,256)	(367,914)	–	(80,429)	(1,327,336)
At 31 December 2009	–	1,276,553	876,358	1,177,590	129,027	3,459,528
At 1 January 2010	–	**1,276,553**	**876,358**	**1,177,590**	**129,027**	**3,459,528**
Translation differences	–	–	**(5,475)**	–	–	**(5,475)**
Additions	–	**47,306**	–	**3,150**	–	**50,456**
Disposals	–	**(33,120)**	**(2,299)**	**(7,065)**	**(10,670)**	**(53,154)**
Acquisition of a subsidiary	–	**39,274**	–	**12,715**	**80,429**	**132,418**
At 31 December 2010	–	**1,330,013**	**868,584**	**1,186,390**	**198,786**	**3,583,773**
Accumulated Depreciation						
At 1 January 2009	8,301	1,645,631	680,427	1,060,857	244,416	3,639,632
Translation differences	(308)	(11,726)	(5,790)	–	–	(17,824)
Depreciation for the year	4,168	164,783	186,966	28,175	17,467	401,559
Disposals	–	(67,232)	(132,234)	–	(76,622)	(276,088)
Disposal of a subsidiary	(12,161)	(472,171)	(174,400)	–	(60,099)	(718,831)
At 31 December 2009	–	1,259,285	554,969	1,089,032	125,162	3,028,448
At 1 January 2010	–	**1,259,285**	**554,969**	**1,089,032**	**125,162**	**3,028,448**
Translation differences	–	–	**(5,475)**	–	–	**(5,475)**
Depreciation for the year	–	**45,080**	**103,833**	**23,805**	**14,098**	**186,816**
Disposals	–	**(32,897)**	**(2,299)**	**(7,065)**	**(8,081)**	**(50,342)**
Acquisition of a subsidiary	–	**39,274**	–	**12,715**	**60,099**	**112,088**
At 31 December 2010	–	**1,310,742**	**651,028**	**1,118,487**	**191,278**	**3,271,535**
Carrying Amount						
At 1 January 2009	157,675	369,030	608,553	7,759	79,770	1,222,787
At 31 December 2009	–	17,268	321,389	88,558	3,865	431,080
At 1 January 2010	–	**17,268**	**321,389**	**88,558**	**3,865**	**431,080**
At 31 December 2010	–	**19,271**	**217,556**	**67,903**	**7,508**	**312,238**

Fixed assets included in the financial statements at a carrying value of approximately $215,000 (2009: $313,000) were acquired under finance lease agreements.

The depreciation charge is recognised in the following items:

Group	2010 $	2009 $
Depreciation of fixed assets	**186,816**	395,173
Capitalised as cost of investment properties	–	72
Capitalised as cost of development properties	–	6,314
	186,816	401,559

4 SUBSIDIARIES

Company	2010 $	2009 $
Unquoted ordinary shares at cost	**183,430,562**	183,030,560
Impairment loss	**(36,988,212)**	(37,962,745)
	146,442,350	145,067,815
Financial guarantees	**23,387,022**	23,387,022
	169,829,372	168,454,837
Amounts due from subsidiaries (mainly non-trade)	**124,886,175**	137,397,711
Impairment loss	**(8,960,400)**	(8,505,000)
	115,925,775	128,892,711
Amounts due to subsidiaries (mainly non-trade)	**(47,444,811)**	(67,224,780)
	68,480,964	61,667,931
	238,310,336	230,122,768

As at the balance sheet date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to a write-back of impairment loss of approximately $975,000 (2009: $2,791,000) that has been recognised in profit or loss of the Company. The recoverable amount was arrived at based on the observable market values of the investment at the balance sheet date.

The amounts due from/(to) subsidiaries are unsecured and interest free and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less impairment loss and presented together with the Company's equity investment in the subsidiaries.

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2010 %	2009 %
Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100**	100
Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100**	100
Super Homes Pte. Ltd.	Singapore	**100**	100
Hong Fok Homes Pte Ltd	Singapore	**100**	100
Cecil Land Development Pte. Ltd.	Singapore	**100**	100
Hong Fok Land Ltd and its subsidiary:	Singapore	**100**	100
Jemmax Investments Pte Ltd	Singapore	**100**	100
Hong Fok Realty Pte. Ltd.	Singapore	**100**	100
Vista Parking Services Pte Ltd	Singapore	**100**	100
Hong Fok Nominees Pte. Ltd.	Singapore	**100**	100
* Innobuild Pte Ltd	Singapore	**–**	100
Broadway Development Pte Ltd	Singapore	**100**	100
Turie Pte Ltd	Singapore	**100**	100
Defoe Pte Ltd and its subsidiary:	Singapore	**100**	100
Brisco Pte Ltd	Singapore	**100**	100
Rasco Pte Ltd	Singapore	**100**	100
Biogem International Pte Ltd	Singapore	**100**	100
HFC Ventures.com Co Pte Ltd	Singapore	**100**	100
Highfeature.com Co Pte Ltd	Singapore	**100**	100
Warranty Management Pte Ltd	Singapore	**100**	100
Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100**	100
Elegant Homes Pte. Ltd.	Singapore	**100**	100

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2010 %	Effective Equity Held by the Group 2009 %
# Goldease Investments Limited and its subsidiaries:	British Virgin Islands	**100**	**49
Arundel Trading Pte Ltd	Singapore	**100**	**49
Firth Enterprises Pte Ltd	Singapore	**100**	**49
Hong Fok Development (Newton) Pte Ltd	Singapore	**100**	**49
Bishopgate Holdings Limited	British Virgin Islands	**100**	100
Gold Triumph Assets Limited	British Virgin Islands	**100**	100
Yorkwin Investments Limited	British Virgin Islands	**100**	100
@Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100**	100
Hong Fok Investment Holding Company Limited	Hong Kong	**100**	100
Hong Fok Land International Limited	Hong Kong	**100**	100
Hong Fok Nominees Limited	Hong Kong	**100**	100
Supreme Homes Company Limited	Hong Kong	**100**	100
Hong Fok Enterprises Limited and its subsidiary:	Hong Kong	**100**	100
Hong Fok Corporation Limited	Cayman Islands	**100**	100

Wholly-owned subsidiaries incorporated in Singapore are audited by KPMG LLP, Singapore.

@ The consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.

In January 2010, the Company acquired an approximately 51% additional equity interest in Goldease Investments Limited ("Goldease"), resulting in Goldease and its subsidiaries becoming wholly-owned subsidiaries of the Company.

* In March 2010, pursuant to Section 215D of the Companies Act, Chapter 50, two wholly-owned subsidiaries of the Company, namely Maincon (Building) Pte. Ltd. ("Maincon") and Innobuild Pte Ltd ("Innobuild"), were amalgamated. Following the amalgamation, all the business and undertakings including all rights and obligations of Innobuild were transferred to Maincon.

** Accounted for as associate in 2009 (see Note 25).

5 ASSOCIATES

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Investments in associates	**155,056,249**	153,561,460	**2,000,000**	2,000,000
Impairment loss	**(2,000,000)**	(2,000,000)	**(2,000,000)**	(2,000,000)
	153,056,249	151,561,460	**–**	–
Amounts due from associates	**1,890,863**	2,120,579	**1,890,863**	2,120,578
Impairment loss	**(1,890,863)**	(2,081,278)	**(1,890,863)**	(2,081,278)
	–	39,301	**–**	39,300
	153,056,249	151,600,761	**–**	39,300

As at 31 December 2010, the Group's share of the contingent liabilities of the associates amounted to approximately $1,307,000 (2009: $1,451,000).

Details of the significant associates are as follows:

Name of Associate	Place of Incorporation and Business	Effective Equity Held by the Group 2010 %	2009 %
@Hong Fok Land International Limited	Bermuda/Hong Kong	**40**	40
Hong Fok Land Asia Limited	British Virgin Islands	**40**	40
Hong Fok Land Investment Limited	Hong Kong	**40**	40
Hugoton Limited	Hong Kong	**40**	40
Bossiney Limited	Hong Kong	**40**	40
Giant Yield Limited	Hong Kong	**40**	40
Wellow Investment Limited	Republic of Liberia	**40**	40
Hong Fok Land Holding Limited	Hong Kong	**40**	40
Allied Crown Limited	Hong Kong	**40**	40
First Strategy Investments Limited	British Virgin Islands	**40**	40
Jiangmen Tangquan Real Estate Company Limited	The People's Republic of China	**#37**	#37
^ Winfoong International Limited	Bermuda/Hong Kong	**49**	49
Winfoong Assets Limited	British Virgin Islands	**49**	49
Sui Chong International Resources Limited	Hong Kong	**49**	49
Sui Chong International (H.K.) Limited	Hong Kong	**49**	49
Donwin Property Limited	Hong Kong	**49**	49
Sui Chong Finance Limited	Hong Kong	**49**	49
Vision Capital Limited	Hong Kong	**49**	49
Fort Property Management Limited	Hong Kong	**49**	49
Cheung Kee Garden Limited	Hong Kong	**49**	49
Super Homes Limited	Hong Kong	**49**	49

@ The consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.

Includes 92.0% held indirectly by Hong Fok Land International Limited.

^ Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and its consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.

Summarised financial information on the associates (without any adjustment for the percentage of ownership held by the Group) is as follows:

Associates	2010 $	2009 $
Assets and Liabilities		
Total assets	**584,661,252**	584,225,312
Total liabilities	**200,966,511**	200,931,529

Included in total assets is an amount of approximately $89,814,000 (2009: $98,915,000) which represents the associates' cross-holding investment cost in the Company.

Results		
Revenue	**72,210,814**	5,752,613
Profit for the year	**39,409,616**	25,051,771
Fair value of quoted associate	**34,963,400**	37,346,583

6 INVESTMENT PROPERTIES

Group	Note	2010 $	2009 $
Investment properties under development		**7,567,636**	7,398,524
Completed investment properties		**1,097,235,000**	1,007,425,000
		1,104,802,636	1,014,823,524
Investment Properties Under Development			
At 1 January		**7,398,524**	73,046,119
Additions arising from subsequent expenditure recognised in carrying amount		**201,640**	1,222,867
Interest expense capitalised	20	**–**	114,334
Translation differences		**–**	(2,011,543)
Transfer to development properties		**–**	(84,215,999)
(Decrease)/Increase in fair values		**(32,528)**	19,242,746
At 31 December		**7,567,636**	7,398,524

The interest expense have been capitalised at rates ranging from approximately Nil% (2009: 0.9% to 1.2%) per annum.

Investment properties under development have been revalued as follows:			
Leasehold properties under development – 31 December 2010 (2009: 31 December 2009)		**7,567,636**	7,398,524
Completed Investment Properties			
At 1 January		**1,007,425,000**	1,021,484,360
Additions arising from subsequent expenditure recognised in carrying amount		**1,535,473**	1,368,278
Translation differences		**–**	(1,280)
Increase/(Decrease) in fair values		**88,274,527**	(15,368,278)
Others		**–**	(58,080)
At 31 December		**1,097,235,000**	1,007,425,000
Completed investment properties have been revalued as follows:			
Leasehold properties – 31 December 2010 (2009: 31 December 2009)		**768,340,000**	684,000,000
Freehold properties – 31 December 2010 (2009: 31 December 2009)		**328,895,000**	323,425,000
		1,097,235,000	1,007,425,000

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Leasehold Properties

For 2010, leasehold properties are revalued by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties are valued using the Sales Comparison Method and the Investment Method. Leasehold properties under development are valued using the Residual Method.

For 2009, leasehold properties were revalued by Savills (Singapore) Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties were valued using the Sales Comparison Method. Leasehold properties under development were valued using the Residual Method.

Under the Sales Comparison Method, the market value of the property is assessed having regard to transactions of comparable properties within the vicinity and elsewhere with due adjustments made to account for differences in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, etc. and also taking into account the prevailing market conditions.

Under the Investment Method, the market value of the property is assessed having regard to the value of income-producing properties, which takes into account the existing committed rentals and the estimated current market rentals achievable by the property. Outgoings such as property tax and service charge are then deducted from the rental income to arrive at a net income which is then capitalised at an appropriate rate to arrive at the market value of the property.

Under the Residual Method, the value is determined by the estimation of the capital value of the proposed development assuming it is completed and from which the various estimated costs of development such as building costs, developer's profit, stamp duty and legal fees and other expenses are deducted to give a residual figure which would represent the amount a prudent developer would pay for the site.

Freehold Properties

For both 2010 and 2009, freehold properties are revalued by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed freehold properties are valued using both the Comparable Sales Method and the Investment Method, each method being used as a check against the other, except for the Land Lot 1719L TS25 at Claymore Hill which is valued using the Residual Land Value Method.

Under the Comparable Sales Method, a comparison is made with sales of similar properties in the vicinity and other locations with adjustments made for differences in location, floor area, floor level, age/quality of development, tenure, date of sale, etc., before arriving at the value of the subject property.

Under the Investment Method, the net rent of the subject property is capitalised at a suitable rate of return to arrive at its value. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage of vacancy from the gross rent.

Under the Residual Land Value Method, the value is determined by the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of work, including fees and other associated expenditure, plus an allowance for interest, developer's risk and profit, is deducted from the gross development value of the proposed project assuming satisfactory completion. After accounting for land holding costs such as property tax, stamp and legal fees and finance cost, the resultant figure then gives rise to the residual value of the property. The gross development value of the proposed project is derived by Comparable Sales Method.

Investment properties are commercial properties that are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually two to three years. Subsequent renewals are negotiated with the lessee.

The carrying amount of investment properties of the Group under operating leases at 31 December 2010 is approximately $1,014,795,000 (2009: $932,425,000).

The investment properties are mortgaged for credit facilities extended to the Group (Note 14).

7 OTHER INVESTMENTS

Group	2010 $	2009 $
Non-current Investments		
Available-for-sale unquoted equity securities:		
Cost	**6,499,134**	6,627,134
Impairment loss	**(6,499,132)**	(6,627,132)
	2	2
Current Investments		
Quoted equity securities, held for trading	**501,888**	511,690
Unquoted equity securities, held for trading	**173,333**	172,000
	675,221	683,690

Certain investments with a carrying value of approximately $501,000 as at 31 December 2010 (2009: $510,000) have been pledged as collateral to secure a share margin trading facility granted to a subsidiary. As at 31 December 2010, the amount utilised under the facility granted was $Nil (2009: $Nil).

It is not practicable to estimate the fair value of certain of the Group's available-for-sale securities because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. These securities are thus stated at cost less impairment loss.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as at 31 December 2010 and 31 December 2009. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

Group	Total $	Level 1 $	Level 2 $	Level 3 $
2010				
Current Investments				
Quoted equity securities, held for trading	**501,888**	**501,888**	–	–
Unquoted equity securities, held for trading	**173,333**	–	**173,333**	–
	675,221	**501,888**	**173,333**	–
2009				
Current Investments				
Quoted equity securities, held for trading	511,690	511,690	–	–
Unquoted equity securities, held for trading	172,000	–	172,000	–
	683,690	511,690	172,000	–

There was no transfer between levels for 2010 and 2009.

8 OTHER ASSETS

Group	2010 $	2009 $
Club membership	**531,078**	535,596
Impairment loss	**(134,500)**	(158,500)
	396,578	377,096

During the year, a write-back of impairment loss amounting to approximately $24,000 (2009: $15,000) was made to adjust the carrying value of club membership to its recoverable amount, which was represented by the fair value of each club membership referenced from independent sources at the balance sheet date.

9 DEVELOPMENT PROPERTIES

Group	Note	2010 $	2009 $
Properties under development		**272,033,325**	272,332,080
Completed properties		**11,640,000**	–
		283,673,325	272,332,080
Properties Under Development			
Costs		**342,942,851**	322,030,412
Interest income on fixed deposits		**(161,587)**	(53,736)
		342,781,264	321,976,676
Progress instalments received and receivable		**(70,747,939)**	(49,644,596)
		272,033,325	272,332,080
Amount of interest capitalised during the year	20	**556,298**	732,113

The interest expense have been capitalised at rates ranging from approximately 1.3% to 1.7% (2009: 0.8% to 2.2%) per annum.

Certain development properties are mortgaged for credit facilities extended to the Group (Note 14).

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Trade receivables	**1,434,415**	1,361,718	–	–
Impairment loss	**(580,119)**	(525,825)	–	–
	854,296	835,893	–	–
Other receivables	**56,006**	34,508	–	–
Deposits	**69,379**	69,024	–	–
Loans and receivables	**979,681**	939,425	–	–
Prepayments and others	**1,389,536**	1,580,000	**3,210**	3,584
	2,369,217	2,519,425	**3,210**	3,584

Concentration of credit risk relating to loans and receivables is limited due to the Group’s many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group’s historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group’s trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

The maximum exposure to credit risk for financial assets included in loans and receivables at the balance sheet date by geographic region was:

	Carrying Amount	
	2010	**2009**
Group	**$**	**$**
Singapore	**979,681**	939,425

Impairment Loss

The ageing of loans and receivables as at 31 December is:

Group	Total $	Past Due but Not Impaired $	Individually Impaired $	Neither Past Due Nor Impaired $
2010				
Within 1 month	**438,651**	**226,366**	**–**	**212,285**
1 month to 3 months	**373,420**	**373,420**	**–**	**–**
3 months to 12 months	**233,911**	**98,949**	**134,962**	**–**
More than 12 months	**513,818**	**68,661**	**445,157**	**–**
	1,559,800	**767,396**	**580,119**	**212,285**
2009				
Within 1 month	269,561	84,469	–	185,092
1 month to 3 months	249,473	249,473	–	–
3 months to 12 months	936,721	410,896	525,825	–
More than 12 months	9,495	9,495	–	–
	1,465,250	754,333	525,825	185,092

The impairment loss in respect of trade receivables during the year is as follows:

Group	2010 $	2009 $
At 1 January	**525,825**	161,813
Impairment loss recognised	**150,503**	386,468
Impairment loss written back	**–**	(897)
Impairment loss written off	**(96,209)**	(21,559)
At 31 December	**580,119**	525,825

Based on historical default rates, the Group believes that no impairment loss is necessary in respect of trade receivables past due up to 30 days. These receivables comprise customers that have a good credit history with the Group. For receivables aged greater than 1 month and are past due, amounts are deemed to be not impaired if fully covered by deposits held by the Group.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Cash at banks and in hand	**2,213,071**	1,819,721	**314,112**	315,149
Fixed deposits	**42,000,000**	40,991,250	**–**	–
	44,213,071	42,810,971	**314,112**	315,149
Bank overdraft	**–**	(361,821)	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**44,213,071**	42,449,150	**314,112**	315,149

Included in the above is an amount held under the Housing Developers (Project Account) Rules of approximately $42,497,000 (2009: $36,812,000) the use of which is subject to restriction imposed by the said Rules.

The effective interest rate for the bank overdraft is approximately Nil% (2009: 5.8%) per annum at balance sheet date. Interest rate reprices on a daily basis.

The effective interest rate for the cash at banks and fixed deposits ranges from approximately 0% to 0.3% (2009: 0% to 0.3%) per annum at balance sheet date. Interest rate reprices within 6 months of the balance sheet date.

Details of securities for the bank overdraft are disclosed in Note 14 to the financial statements.

12 SHARE CAPITAL

	Group and Company	
	2010	**2009**
	No. of shares	**No. of shares**
Issued and Fully Paid Ordinary Shares		
At 1 January and 31 December	**659,554,698**	659,554,698

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 RESERVES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Capital reserves	**2,371,049**	2,371,049	–	–
Fair value reserve	**95,564**	7,522	–	–
Capital and other reserves	**2,466,613**	2,378,571	–	–
Translation reserves	**(51,835,034)**	(36,683,877)	–	–
Retained profit	**750,021,761**	650,778,619	**44,739,882**	32,679,669
	700,653,340	616,473,313	**44,739,882**	32,679,669

Capital and other reserves comprise the Group's share of fair value reserves of associates and other discretionary transfers from retained profit in prior years.

The translation reserves comprise exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the exchange differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

The retained profit of the Group include retained profit of approximately $47,766,000 (2009: $36,253,000) attributable to associates.

14 FINANCIAL LIABILITIES

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions	b	**463,000,000**	463,000,000	**–**	–
Singapore dollar secured revolving loan from financial institutions	c	**6,000,000**	6,000,000	**–**	–
Singapore dollar secured revolving bank loan	d	**135,000,000**	140,000,000	**–**	–
Hong Kong dollar secured revolving bank loan	e	**4,944,000**	–	**–**	–
Unamortised transaction cost		**(2,555,379)**	(2,816,916)	**–**	–
Loans		**606,388,621**	606,183,084	**–**	–
Obligations under finance leases	f	**55,806**	100,610	**–**	–
Intra-group financial guarantees		**–**	–	**2,348,755**	6,479,287
		606,444,427	606,283,694	**2,348,755**	6,479,287
Current Liabilities					
Bank overdraft	a	**–**	361,821	**–**	–
Obligations under finance leases	f	**44,804**	54,604	**–**	–
Intra-group financial guarantees		**–**	–	**4,130,532**	3,926,791
		44,804	416,425	**4,130,532**	3,926,791

(a) All the loans including bank overdraft (Note 11) of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $1,104,803,000 as at 31 December 2010 (2009: $1,014,824,000);

(ii) mortgages on development properties with carrying values of approximately $350,531,000 as at 31 December 2010 (2009: $321,977,000) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements, building contract, performance bonds and insurances from the development properties; and

(iii) guarantees by the Company (Note 16).

(b) **Singapore Dollar Secured Floating Rate Loans from Financial Institutions**
The floating rate loans are repayable by July 2012.

(c) **Singapore Dollar Secured Revolving Loan from Financial Institutions**
The revolving loan is repayable by July 2012.

(d) **Singapore Dollar Secured Revolving Bank Loan**
The revolving bank loan is repayable by September 2014.

(e) **Hong Kong Dollar Secured Revolving Bank Loan**
The revolving bank loan is repayable by September 2014.

(f) At 31 December, the Group has obligations under finance leases that are payable as follows:

	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
Group	$	$	$	$	$	$
Repayable:						
Within 1 year	**44,804**	**5,261**	**50,065**	54,604	6,486	61,090
After 1 year but within 5 years	**55,806**	**6,485**	**62,291**	100,610	11,746	112,356
	100,610	**11,746**	**112,356**	155,214	18,232	173,446

Interest on the above finance leases is charged at rates ranging from approximately 4.5% to 5.2% (2009: 4.5% to 5.2%) per annum at balance sheet date.

(g) **Interest Rates**

The effective interest rate for floating rate loans and revolving loans is approximately 1.3% to 2.0% (2009: 1.7%) per annum at balance sheet date. Floating interest rates reprice within six months of the balance sheet date.

15 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

Group	Note	2010 $	2009 $
Investment Properties			
At 1 January		**49,914,800**	56,470,000
Charged/(Credited) to profit or loss	23	**14,071,000**	(6,555,200)
At 31 December		**63,985,800**	49,914,800

16 INTRA-GROUP FINANCIAL GUARANTEES

Intra-group financial guarantees comprise guarantees granted by the Company to financial institutions in respect of credit facilities amount to $709,350,000 (2009: $703,750,000). The periods in which the financial guarantees expire are as follows:

Company	2010 $	2009 $
Within 1 year	**11,350,000**	5,750,000
After 1 year but within 5 years	**698,000,000**	698,000,000
	709,350,000	703,750,000

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Trade payables	**4,577,040**	2,574,467	–	–
Accrued operating expenses	**5,103,491**	6,408,183	**243,850**	227,290
Accrued development expenditure	**6,368,259**	1,170,226	–	–
Tenancy and other deposits	**12,271,230**	12,198,513	–	–
Unclaimed dividends	**288,804**	289,199	**288,804**	289,199
Other payables	**198,715**	195,425	**187,451**	190,181
	28,807,539	22,836,013	**720,105**	706,670

At 31 December 2010, trade and other payables denominated in currencies other than the Group's functional currency comprise approximately $26,000 (2009: $33,000) denominated in Hong Kong dollars.

Trade payables include retention of approximately $1,118,000 (2009: $320,000) relating to properties under development.

18 REVENUE

Group	2010 $	2009 $
Gross dividend income from quoted investments	**12,040**	11,710
Gross rental income	**38,276,326**	38,835,103
Maintenance fee	**6,999,733**	6,917,108
Car park income	**1,435,055**	1,434,211
Property management income	**1,005,283**	975,610
Sale of development properties	**2,347,527**	5,590,729
Gain on disposal of other investments	**12,921**	–
Interest income on late payments	**88,438**	145,261
Horticultural services	**–**	604,382
	50,177,323	54,514,114

19 OTHER INCOME

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Gain on disposal of fixed assets, net	**109**	45,894	**–**	–
Gain on disposal of other assets	**–**	257,538	**–**	–
Forfeiture/Compensation income	**367,182**	167,368	**–**	–
Others	**161,621**	402,318	**–**	285,756
	528,912	873,118	**–**	285,756

20 NET FINANCE (EXPENSE)/INCOME

		Group		Company	
	Note	2010 $	2009 $	2010 $	2009 $
Financial guarantees amortised		**–**	–	**3,926,791**	3,733,378
Finance income		**–**	–	**3,926,791**	3,733,378
Interest expense:					
Loans		**9,216,664**	10,774,364	**–**	–
Obligations under finance leases		**6,486**	7,222	**–**	–
Amortisation of transaction cost previously capitalised		**732,037**	712,483	**–**	–
		9,955,187	11,494,069	**–**	–
Interest expense capitalised in investment properties	6	**–**	(114,334)	**–**	–
Interest expense capitalised in development properties	9	**(556,298)**	(732,113)	**–**	–
Finance expense		**9,398,889**	10,647,622	**–**	–
Net finance (expense)/ income recognised in profit or loss		**(9,398,889)**	(10,647,622)	**3,926,791**	3,733,378

21 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

		Group		Company	
	Note	2010 $	2009 $	2010 $	2009 $
Write-back of allowance for diminution in value of development properties		–	(380,010)	–	–
Impairment loss written back on other assets		**(24,000)**	(15,000)	–	–
Gain on remeasurement of other investments		**(85,041)**	(350,450)	–	–
Non-audit fees paid to:					
Auditors of the Company		**25,100**	50,600	**1,400**	1,100
Other auditors		**4,547**	119,754	–	–
Directors' fees		**115,000**	197,412	**115,000**	115,000
Staff costs	22	**14,716,586**	13,890,919	–	–
Rental income from investment properties		**(37,887,557)**	(38,403,677)	–	–
Operating lease expense		**82,384**	606,847	–	–
Impairment in trade and other receivables and bad debts written off, net		**150,503**	385,571	–	–
Bad debts recovered		**(28,531)**	–	–	–
Impairment made/(written back) in receivables from subsidiaries		–	–	**455,400**	(45,178)
Direct operating expenses arising from investment properties:					
that generated rental income		**10,568,698**	9,408,690	–	–
that did not generate rental income		**176,744**	192,049	–	–

Short-term employee benefits, excluding directors' fees, paid to key management personnel during the year amounted to $11,745,468 (2009: $10,939,009).

22 STAFF COSTS

Group	2010 $	2009 $
Salaries and wages	**15,021,638**	13,683,311
Contributions to defined contribution plans	**468,145**	425,243
Others	**444,758**	669,436
Government grants – Jobs Credit Scheme	**(43,369)**	(216,337)
	15,891,172	14,561,653
Staff costs capitalised in properties under development	**(1,174,586)**	(670,734)
	14,716,586	13,890,919

23 INCOME TAX EXPENSE

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Income Tax Expense				
Current year	**2,306,700**	3,037,000	–	–
Overprovision in prior years	**(6,484)**	(447,251)	–	(67,800)
	2,300,216	2,589,749	–	(67,800)

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deferred Tax Expense				
Reversal of deferred tax liabilities recognised in prior years	–	(688,000)	–	–
Movements in temporary differences	**14,071,000**	(2,768,200)	–	–
Change in tax rates	–	(3,099,000)	–	–
	14,071,000	(6,555,200)	–	–
	16,371,216	(3,965,451)	–	(67,800)
Reconciliation of Effective Tax Rate				
Profit before income tax	**115,614,358**	16,002,332	**12,060,213**	4,221,353
Income tax using Singapore tax rate at 17%	**19,654,441**	2,720,396	**2,050,236**	717,630
Effect of change in tax rates	–	(3,099,000)	–	–
Effect of different tax rates in other countries	**27,922**	(57,745)	–	–
Income not subject to tax	**(1,397,767)**	(3,590,448)	**(2,626,243)**	(936,113)
Expenses not deductible for tax purposes	**679,669**	2,196,243	**576,007**	218,483
Tax benefits not recognised	**42,083**	469,496	–	–
Utilisation of previously unrecognised tax losses	**(57,931)**	(174,131)	–	–
Reversal of deferred tax liabilities recognised in prior years	–	(688,000)	–	–
Effects of results of associates, net of tax	**(2,571,335)**	(1,281,396)	–	–
Overprovision in prior years	**(6,484)**	(447,251)	–	(67,800)
Others	**618**	(13,615)	–	–
	16,371,216	(3,965,451)	–	(67,800)

Deferred tax assets have not been recognised in respect of the following temporary differences:

Group	**2010** **$**	**2009** **$**
Deductible temporary differences	**26,545**	23,240
Unutilised tax losses	**34,786,890**	23,208,901
	34,813,435	23,232,141

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries of the Group can utilise the benefits. However, the unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities.

24 EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are calculated based on the consolidated profit for the year of $99,243,142 (2009: $14,000,272) and the weighted average number of ordinary shares outstanding of 659,554,698.

25 ACQUISITION/DISPOSAL OF A SUBSIDIARY

Acquisition of a Subsidiary

On 25 January 2010, the Company acquired the entire issued share capital of an associate, Goldease Investments Limited ("Goldease") and to take an assignment of the loans owing from the subsidiaries of Goldease to subsidiaries of Winfoong International Limited (an associate of the Company), for a net cash consideration of $10,150,000.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

The net assets of Goldease and its subsidiaries as at the date of acquisition were as follows:

	Carrying Amounts 2010 $	Fair Value Adjustments 2010 $	Recognised Values 2010 $
Fixed assets	**20,330**	**–**	**20,330**
Development properties	**12,499,972**	**1,140,028**	**13,640,000**
Trade and other receivables	**3,734**	**–**	**3,734**
Cash and cash equivalents	**657,955**	**–**	**657,955**
Trade and other payables	**(122,100)**	**–**	**(122,100)**
Amounts due to associates	**(39,301)**	**–**	**(39,301)**
Tax payable	**(78,000)**	**–**	**(78,000)**
Loans	**(3,700,000)**	**–**	**(3,700,000)**
Inter-company loans	**(20,697,165)**	**–**	**(20,697,165)**
Net assets acquired	**(11,454,575)**	**1,140,028**	**(10,314,547)**
Negative goodwill			**(232,618)**
			(10,547,165)
Transfer of inter-company loans			**20,697,165**
Cash consideration paid			**10,150,000**
Cash acquired			**(657,955)**
Net cash outflow on acquisition			**9,492,045**

The remeasurement to fair value of the Group's existing 48.57% interest in the previously-held equity interest resulted in a gain of $1,377,927, which has been recognised in the consolidated statement of comprehensive income.

Disposal of Interest in 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:

	Carrying Amounts 2009 $
Fixed assets	646,322
Fixed deposits	1,271
Other investments	867,570
Development properties	100,937,846
Trade and other receivables	22,610,638
Cash and cash equivalents	803,338
Trade and other payables	(26,133,459)
Loans	(26,532,033)
	73,201,493
Less:	
Interest in subsidiary now accounted for as interest in associates	(58,561,157)
Unrealised portion retained in associates	(1,655,686)
Realisation of reserves	(298,386)
Net assets disposed	12,686,264
Loss on disposal of interest in a subsidiary	(3,859,221)
Unrealised loss on disposal retained via interest in associates	1,655,686
	(2,203,535)
Exchange difference	119,506
Consideration received, satisfied in cash (A)	10,602,235

After the disposal, the Company through its subsidiaries had 42.81% direct interest in WIL and 8.08% indirect interest in WIL through Hong Fok Land International Limited ("HFLIL") Group's 20% shareholdings in WIL.

Dilution of Shareholdings 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 share 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 shareholdings in WIL. The net assets of WIL Group were as follows:

	Before Rights Issue 2009 $	After Rights Issue 2009 $
Net Assets Disposed of:		
Fixed assets	646,322	646,322
Fixed deposits	1,271	1,271
Other investments	867,570	867,570
Development properties	100,937,846	100,937,846
Trade and other receivables	22,610,638	22,610,638
Cash and cash equivalents	803,338	5,198,360
Trade and other payables	(26,133,459)	(27,488,901)
Loans	(26,532,033)	(26,532,033)
	73,201,493	76,241,073
Direct interest in WIL owned by the Group	42.81%	38.92%
Net assets of associates shared by the Group		
Before Rights Issue		(31,337,559)
After Rights Issue		29,673,026
		(1,664,533)
Unrealised loss on dilution retained via interest in associates		694,180
		(970,353)
Realisation of reserves		36,482
Exchange difference		(53,458)
Loss on dilution of shareholdings in a subsidiary		(987,329)
Net cash disposed (B)		(5,198,360)

Net Effects on Disposal and Dilution of Shareholdings in a Subsidiary

Group	**2009 $**
Net cash inflow on disposal, net of cash (A) - (B)	5,403,875

Before the rights shares allotment, the Company through its subsidiaries had 50.89% effective interest in WIL, which comprised 42.81% direct interest in WIL and 8.08% indirect interest in WIL through HFLIL Group's 20% shareholdings in WIL. After the allotment, the Company through its subsidiaries had 48.57% effective interest in WIL, which comprised 38.92% direct interest in WIL and 9.65% indirect interest in WIL through HFLIL Group's 23.89% shareholdings in WIL.

26 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to credit risk, liquidity risk and market risk (including interest rate, foreign currency and price risks) arising from its diversified portfolio business. Risk management is integral to the whole business of the Group. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Exposure to currency, interest rate and credit risks arises in the normal course of the Group's business. This section provides details of the Group's exposure to financial risk and describes the methods used by management to control such risk.

Credit Risk
Credit risk is the potential risk of financial loss resulting from failure of a customer or counter party in meeting its financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises from its other investments, trade and other receivables and cash and cash equivalents. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The credit policy also requires a security deposit from customers to secure tenancy commitments.

Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of high credit quality.

Cash is placed with regulated financial institutions.

Liquidity Risk
The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual maturities of financial liabilities, including interest payments which are computed using contractual rates or, if floating, based on rates at the balance sheet date and the earliest date the Group can be required to pay:

			Cash Outflows		
Group	**Carrying Amount $**	**Contractual Cash Outflows $**	**Within 1 Year $**	**After 1 Year But Within 5 Years $**	**After 5 Years $**
2010					
Non-derivative Financial Liabilities					
Loans*	**608,944,000**	**(628,896,494)**	**(9,023,892)**	**(619,872,602)**	**–**
Obligations under finance leases	**100,610**	**(112,356)**	**(50,065)**	**(62,291)**	**–**
Trade and other payables	**17,335,789**	**(17,335,789)**	**(9,527,606)**	**(7,596,681)**	**(211,502)**
	626,380,399	**(646,344,639)**	**(18,601,563)**	**(627,531,574)**	**(211,502)**
2009					
Non-derivative Financial Liabilities					
Loans*	609,000,000	(639,863,512)	(10,156,875)	(629,706,637)	–
Obligations under finance leases	155,214	(173,446)	(61,090)	(112,356)	–
Bank overdraft	361,821	(361,821)	(361,821)	–	–
Trade and other payables	15,257,604	(15,257,604)	(7,586,148)	(7,580,151)	(91,305)
	624,774,639	(655,656,383)	(18,165,934)	(637,399,144)	(91,305)

* Gross of unamortised transaction cost.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to loans. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Sensitivity analysis – interest rate risk

An increase/decrease of 100 basis points in interest rates on loans, would decrease/increase the Group's profit before income tax for 2010 by $5,284,783 (2009: $5,665,972). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and that there is no change during the year in the amount of loans as at balance sheet date. The analysis is performed on the same basis for 2009.

Foreign currency risk

The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Company is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in Hong Kong dollar. The exposure to foreign currency risk amounts to $23,192,045 (2009: $35,788,767) at the balance sheet date.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Sensitivity analysis – foreign currency risk

A 10% strengthening/weakening of the Singapore dollar against the Hong Kong dollar at the balance sheet date would decrease/increase the Company's profit before income tax for 2010 by $2,319,205 (2009: $3,578,877). This analysis assumes that all other variables, in particular interest rates, remain constant.

There is no direct impact on the Company's equity arising from the foreign currency change in Singapore dollar against the Hong Kong dollar.

Equity price risk

The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the Singapore Exchange Securities Trading Limited. The Group is not exposed to commodity price risk.

Sensitivity analysis - equity price risk

A 10% increase/decrease in the underlying equity prices on the quoted equity securities would increase/decrease the Group's equity and increase/decrease the Group's profit before income tax by $Nil (2009: $Nil) and $67,522 (2009: $68,369) respectively.

Estimation of Fair Values

The carrying amounts of financial assets and liabilities with a maturity or repricing of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values as they are short-term in nature or reprice on a short-term basis.

The fair values of other instruments are determined in accordance with Note 2.6 and Note 7.

Intra-group Financial Guarantees

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the financial institutions with these guarantees made available, with the estimated rates that the financial institutions would have charged had these guarantees not been available.

27 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Board defines capital as total equity, excluding non-controlling interest. The Board manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group also monitors capital using a net debt to equity ratio, which is defined as net debt divided by total equity.

	2010	**2009**
	$	**$**
Gross borrowings	**609,044,610**	609,517,035
Cash and cash equivalents	**(44,213,071)**	(42,810,971)
Net debt	**564,831,539**	566,706,064
Total equity	**887,341,724**	803,161,697
Net debt to equity ratio	**0.64**	0.71

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year. The Company and its subsidiaries are not subject to externally imposed capital requirement.

28 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2010	**2009**
Group	**$**	**$**
Contract services provided to key management personnel	**52,176**	112,032

During the financial year ended 31 December 2010, there were transactions totalling $6,442,740 (2009: $12,034,557) relating to the sale of residential units in the development property known as "Concourse Skyline" at Beach Road by a wholly-owned subsidiary of the Company to interested persons being the directors and the chief executive officer and their relatives and controlling shareholders. During the year, progress instalments of $1,288,548 (2009: $2,406,911) were received for all units sold to interested persons.

29 SEGMENT REPORTING

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies. For each of the strategic business units, the Company's Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment – includes investments in investment properties held through subsidiaries or through associates.
- Property development and construction – develops retail and residential units and sell residential units held through subsidiaries or through associates.
- Property management – provides maintenance and management services.

Other operations include investment holding and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2010 or 2009.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information About Reportable Segments
Business Segments

Group	Property Investment $	Property Development and Construction $	Property Management $	Other Operations $	Total $
2010					
External revenue	**46,410,633**	**2,736,446**	**1,005,283**	**24,961**	**50,177,323**
Inter-segment revenue	**161,353**	**15,213,840**	**274,400**	**–**	**15,649,593**
Interest revenue	**88,288**	**150**	**–**	**–**	**88,438**
Finance expense	**(8,905,809)**	**(412,807)**	**–**	**(80,273)**	**(9,398,889)**
Reportable segment profit/ (loss) before income tax	**105,256,456**	**(6,412,804)**	**210,052**	**(633,738)**	**98,419,966**
Share of results of associates, net of tax					**15,583,847**
Other material non-cash items:					
Depreciation and amortisation	**(833,578)**	**(77,247)**	**(8,028)**	**–**	**(918,853)**
Gain on revaluation of investment properties	**88,241,999**	**–**	**–**	**–**	**88,241,999**
Allowances and impairment loss, net of reversals	**(126,503)**	**–**	**–**	**85,041**	**(41,462)**
Reportable segment assets	**1,107,701,781**	**327,440,288**	**184,318**	**1,115,901**	**1,436,442,288**
Associates					**153,056,249**
Capital expenditure	**1,770,827**	**13,052**	**3,690**	**–**	**1,787,569**
Reportable segment liabilities	**563,397,188**	**65,941,847**	**247,918**	**5,709,817**	**635,296,770**

Group	Property Investment $	Property Development and Construction $	Property Management $	Other Operations $	Total $
2009					
External revenue	46,900,036	6,022,376	975,610	616,092	54,514,114
Inter-segment revenue	159,348	2,143,702	159,410	6,116	2,468,576
Interest revenue	145,040	221	–	–	145,261
Finance expense	(10,484,698)	(107,796)	–	(55,128)	(10,647,622)
Reportable segment profit/ (loss) before income tax	21,180,433	(6,433,904)	238,385	(3,252,423)	11,732,491
Share of results of associates, net of tax					7,766,039
Other material non-cash items:					
Depreciation and amortisation	(762,987)	(140,704)	(7,767)	(196,198)	(1,107,656)
Gain on revaluation of investment properties	3,874,468	–	–	–	3,874,468
Allowances and impairment loss, net of reversals	(370,571)	380,010	–	350,450	359,889
Reportable segment assets	1,017,108,665	310,567,534	150,811	6,150,858	1,333,977,868
Associates					151,600,761
Capital expenditure	2,776,574	63,114	5,054	39,274	2,884,016
Reportable segment liabilities	584,273,431	44,339,877	134,478	788,346	629,536,132

Reconciliations of Reportable Segment Revenue, Profit or Loss, Assets and Liabilities and Other Material Items

Group	2010 $	2009 $
Revenue		
Total revenue for reportable segments	**65,801,955**	56,360,482
Revenue for other operations	**24,961**	622,208
Elimination of inter-segment revenue	**(15,649,593)**	(2,468,576)
Consolidated revenue	**50,177,323**	54,514,114
Profit or Loss		
Total profit for reportable segments	**99,053,704**	14,984,914
Loss for other operations	**(633,738)**	(3,252,423)
Elimination of inter-segment profit	**–**	(305,334)
	98,419,966	11,427,157
Other unallocated profit or loss items:		
Gain on fair value of previously-held equity interest in associates	**1,377,927**	–
Negative goodwill	**232,618**	–
Loss on disposal of interest in a subsidiary	**–**	(2,203,535)
Loss on dilution of shareholdings in a subsidiary	**–**	(987,329)
Share of results of associates, net of tax	**15,583,847**	7,766,039
Consolidated profit before income tax	**115,614,358**	16,002,332

Group	2010 $	2009 $
Assets		
Total assets for reportable segments	**1,435,326,387**	1,327,827,010
Assets for other operations	**1,115,901**	6,150,858
Associates	**153,056,249**	151,600,761
Consolidated total assets	**1,589,498,537**	1,485,578,629
Liabilities		
Total liabilities for reportable segments	**629,586,953**	628,747,786
Liabilities for other operations	**5,709,817**	788,346
Deferred tax liability	**63,985,800**	49,914,800
Tax payable	**2,874,243**	2,966,000
Consolidated total liabilities	**702,156,813**	682,416,932

Other Material Items

Group	Reportable Segment Totals $	Other Operations $	Consolidated Totals $
2010			
Interest revenue	**88,438**	–	**88,438**
Finance expense	**(9,318,616)**	**(80,273)**	**(9,398,889)**
Depreciation and amortisation	**(918,853)**	–	**(918,853)**
Gain on revaluation of investment properties	**88,241,999**	–	**88,241,999**
Allowances and impairment loss, net of reversals	**(126,503)**	**85,041**	**(41,462)**
Capital expenditure	**1,787,569**	–	**1,787,569**
2009			
Interest revenue	145,261	–	145,261
Finance expense	(10,592,494)	(55,128)	(10,647,622)
Depreciation and amortisation	(911,458)	(196,198)	(1,107,656)
Gain on revaluation of investment properties	3,874,468	–	3,874,468
Allowances and impairment loss, net of reversals	9,439	350,450	359,889
Capital expenditure	2,844,742	39,274	2,884,016

Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on geographical location of the assets.

Group	Singapore $	Hong Kong $	Total $
2010			
External revenue	**50,177,323**	–	**50,177,323**
Non-current assets	**1,105,466,876**	**44,578**	**1,105,511,454**
2009			
External revenue	53,855,921	658,193	54,514,114
Non-current assets	1,015,582,606	49,096	1,015,631,702

30 COMMITMENTS

As at 31 December 2010, the Group's commitments in respect of development and construction and capital expenditure contracted but not provided for in the financial statements amounted to approximately $118,433,000 (2009: $40,796,000).

The Group leases out its investment and development properties. Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2010 $	2009 $
Within 1 year	**36,912,531**	40,471,443
After 1 year but within 5 years	**50,570,960**	37,645,220
After 5 years	**384,350**	243,480
	87,867,841	78,360,143

As at balance sheet date, the Group has entered into commitments to sell certain of its completed development properties at value of approximately $1,343,000 (2009: $Nil).

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2010 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

STATEMENT OF SHAREHOLDINGS

As at 22 March 2011

No. of Shares	:	659,554,698
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 Vote Per Share
No. of Treasury Shares	:	Nil

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	263	4.40	109,036	0.01
1,000 - 10,000	3,503	58.56	19,244,145	2.92
10,001 - 1,000,000	2,180	36.44	105,382,099	15.98
1,000,001 and above	36	0.60	534,819,418	81.09
	5,982	100.00	659,554,698	100.00

TOP TWENTY SHAREHOLDERS

	Name of Shareholder	No. of Shares	%
1	Hong Fok Land Holding Limited	134,537,600	20.40
2	P.C. Cheong Pte Ltd	70,295,140	10.66
3	K.P. Cheong Investments Pte Ltd	63,695,140	9.66
4	UOB Nominees (2006) Pte Ltd	39,000,000	5.91
5	Citibank Nominees Singapore Pte Ltd	33,384,193	5.06
6	Cheong Sim Eng	32,536,900	4.93
7	United Overseas Bank Nominees Pte Ltd	18,631,900	2.82
8	Kim Eng Securities Pte Ltd	17,312,189	2.62
9	CIMB Securities (Singapore) Pte Ltd	15,998,700	2.43
10	Goodyear Realty Co Pte Ltd	12,116,863	1.84
11	Cheong Puay Kheng	10,673,000	1.62
12	Cheong Lay Kheng	10,435,000	1.58
13	OCBC Securities Private Ltd	10,217,778	1.55
14	Cheong Pin Chuan	8,539,454	1.29
15	Corporate Development Limited	6,146,800	0.93
16	DBS Nominees Pte Ltd	5,314,275	0.81
17	DBS Vickers Securities (S) Pte Ltd	5,259,600	0.80
18	UOB Kay Hian Pte Ltd	4,591,022	0.70
19	HSBC (Singapore) Nominees Pte Ltd	4,297,000	0.65
20	Phillip Securities Pte Ltd	3,627,800	0.55
		506,610,354	76.81

Approximately 28.42% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

STATEMENT OF SHAREHOLDINGS

As at 22 March 2011

SUBSTANTIAL SHAREHOLDERS

		No. of Shares	
	Name of Substantial Shareholder	Shareholdings in which Substantial Shareholder has a direct interest	Shareholdings in which Substantial Shareholder is deemed to have an interest
1	K.P. Cheong Investments Pte Ltd	72,795,140	–
2	P.C. Cheong Pte Ltd	72,795,140	–
3	Cheong Sim Eng	74,055,300	31,521,363[a]
4	Cheong Kim Pong	2,829,178	104,612,103[b]
5	Cheong Pin Chuan	8,539,454	105,296,633[c]
6	Cheong Pin Seng	12,640,000	34,061,358[d]
7	Hong Fok Land Holding Limited	134,537,600[e]	–

(a) This represents Cheong Sim Eng's deemed interest in the issued ordinary shares in the capital of the Company ("Shares") held by his wife, Corporate Development Limited ("CDL") and Goodyear Realty Co Pte Ltd ("Goodyear").

(b) This represents Cheong Kim Pong's deemed interest in the Shares held by his wife, K.P. Cheong Investments Pte Ltd, CDL and Goodyear.

(c) This represents Cheong Pin Chuan's deemed interest in the Shares held by his wife, P.C. Cheong Pte Ltd, CDL and Goodyear.

(d) This represents Cheong Pin Seng's deemed interest in the Shares held by his wife, P.S. Cheong Pte Ltd (in liquidation), CDL and Goodyear.

(e) Hong Fok Land Holding Limited ("HF Land") is wholly-owned indirectly by Hong Fok Land International Limited (incorporated in Bermuda) via Hong Fok Land Asia Limited, Hong Fok Land Investment Limited and Wellow Investment Limited. The aforesaid companies are deemed to have an interest in the Shares held by HF Land.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting of **HONG FOK CORPORATION LIMITED** will be held at the Company's Registered Office at 300 Beach Road #41-00, The Concourse, Singapore 199555 on Thursday, 28 April 2011 at 4.00 p.m. to transact the following business:

1 To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2010. **(Resolution 1)**

2 To approve the payment of Directors' fees of $115,000 (2009: $115,000). **(Resolution 2)**

3 To re-elect Mr Cheong Kim Pong as Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 3)**

4 To re-elect Mr Lai Meng Seng as Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 4)**

5 To re-appoint Mr Jackson Lee as Director retiring pursuant to Section 153(6) of the Companies Act, Chapter 50 to hold office until the next Annual Meeting of the Company. **(Resolution 5)**

6 To re-appoint Messrs KPMG LLP, Public Accountants and Certified Public Accountants, Singapore, as auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7 **As Special Business**
To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without any modification:

7.1 "That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the capital of the Company, including additional convertible securities issued pursuant to adjustments and new shares arising from the conversion of convertible securities and additional convertible securities (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit (notwithstanding that such issue of shares pursuant to the offer, agreement or option or the conversion of the convertible securities may occur after the expiration of the authority contained in this Resolution), provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company, and provided further that where shareholders of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to all existing shareholders of the Company must not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this Resolution, the percentage of the total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST and (iii) any subsequent bonus issue, consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**

7.2 "That the Directors of the Company be and are hereby authorised to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued shares excluding treasury shares of the Company as at the date of this Resolution at any price up to but not exceeding the Maximum Price (as defined in the "Guidelines on Share Purchases" (the "Guidelines") set out in the Appendix of the Addendum dated 13 April 2011 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2010)) in accordance with the Guidelines and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier." **(Resolution 8)**

8 To transact any other ordinary business of the Company.

BY ORDER OF THE BOARD

KOH CHAY TIANG
DOROTHY HO
Company Secretaries

Singapore
13 April 2011

Notes:

(a) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote at the same Meeting. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(c) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the Meeting.

(d) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

Explanatory Notes:

(i) Mr Jackson Lee, if re-elected, will remain as the Audit Committee Chairman and will be considered as an Independent Director under the Listing Manual of the SGX-ST.

(ii) Mr Lai Meng Seng, if re-elected, will remain as a member of the Audit Committee and will be considered as an Independent Director under the Listing Manual of the SGX-ST.

(iii) The Ordinary Resolution proposed in item 7.1 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to issue shares and convertible securities in the capital of the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the Resolution, for such purposes as the Directors may consider to be in the interests of the Company.

(iv) The Ordinary Resolution proposed in item 7.2 above relates to the renewal of a mandate approved by shareholders of the Company at previous Annual General Meetings of the Company held on 30 June 1999, 31 May 2000, 18 May 2001, 20 May 2002, 20 May 2003, 30 April 2004, 22 April 2005, 28 April 2006, 26 April 2007, 25 April 2008, 29 April 2009 and 28 April 2010 authorising the Company to purchase its own shares subject to and in accordance with the "Guidelines on Share Purchases" set out in the Appendix of the Addendum dated 13 April 2011 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2010), the Articles of Association of the Company, the Companies Act, Chapter 50, the Listing Manual of the SGX-ST and such other laws and regulations as may for the time being be applicable. The source of funds to be used for the purchase or acquisition of shares including the amount of financing and its impact on the Company's financial position are set out in Sections 5 and 6 of the Addendum dated 13 April 2011.

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HONG FOK CORPORATION LIMITED
(Company Registration No. 196700468N)
(Incorporated In the Republic of Singapore)

IMPORTANT:
1 For investors who have used their CPF monies to buy Hong Fok Corporation Limited's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3 CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please read notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of **HONG FOK CORPORATION LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 300 Beach Road #41-00, The Concourse, Singapore 199555 on **Thursday, 28 April 2011 at 4.00 p.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(*Please indicate your vote "For" or "Against" with an "X" within the box provided.)

No.	Resolutions relating to:	*For	*Against
1	Directors' Report and Audited Financial Statements		
2	Approval of Directors' Fees of $115,000 (2009: $115,000)		
3	Re-election of Mr Cheong Kim Pong as Director retiring under Article 104		
4	Re-election of Mr Lai Meng Seng as Director retiring under Article 104		
5	Re-appointment of Mr Jackson Lee as Director retiring under Section 153(6) of the Companies Act, Chapter 50		
6	Re-appointment of Auditors		
7	Authority to issue shares and convertible securities		
8	Renewal of Share Buy-back Mandate		

Dated this _________ day of ___________________ 2011

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 300 Beach Road #41-00, The Concourse, Singapore 199555, not less than 48 hours before the time appointed for holding the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

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The Concourse
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