HLG Enterprise Limited (formerly known as LKN-Primefield Limited)

Company Registration No.: 196100131N

Unaudited Full Year Financial Statement Announcement for the Year ended 31 December 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group		
		2006	2005	Change
Continuing Operations	**Notes**	$'000	$'000	%
Sales		35,443	40,903	(13.3)
Cost of sales		(15,996)	(19,766)	(19.1)
Gross profit		19,447	21,137	(8.0)
Other income	(i)	11,719	1,732	576.6
Expenses				
- Selling and marketing		(1,001)	(986)	1.5
- Administrative	(ii)	(1,621)	(1,330)	21.9
- Finance (net)	(iii)	(10,070)	234	(4,403.4)
- Others	(iv)	(14,653)	(14,854)	(1.4)
Profit from operations		3,821	5,933	(35.6)
Share of results of associated companies		(24)	299	(108.0)
Profit before tax		3,797	6,232	(39.1)
Income tax expense	(v)	(1,302)	(1,998)	(34.8)
Profit after tax from continuing operations		2,495	4,234	(41.1)
Discontinued Operations				
Gain on disposal of subsidiaries		10,207	-	NM
Loss after tax from discontinued operations	(vi)	(1,368)	(2,576)	(46.9)
Profit/(loss) after tax from discontinued operations		8,839	(2,576)	(443.1)
Total profit for the year		11,334	1,658	583.6
Attributable to:				
Equity holders of the Company		11,334	1,868	506.7
Minority interest of discontinued operations		-	(210)	(100.0)
		11,334	1,658	583.6

Notes:

(i) Other income

	Group		
	2006	2005	Change
	$'000	$'000	%
Sundry income	329	297	10.8
Amount recovered from a subsidiary/joint venture liquidated in prior years	-	300	(100.0)
Gain on disposal of an investment property (net)	9,578	-	NM
Amount recovered from a subsidiary disposed in prior year	-	290	(100.0)
Net loss on disposal of associated companies	(1,277)	-	NM
Write back of provision for impairment of receivables	316	84	276
Write back of debts owing to creditors	1,515	-	NM
Interest income	1,258	761	65.3
Other income	11,719	1,732	576.6

The gain on disposal of an investment property is net of the loss on disposal of $167,000 in connection with the plant and equipment related to the building.

NM: Not meaningful

(ii) Administrative expenses

The increase in the administrative expenses for 2006 was due mainly to the legal and consultation fees incurred for the rights issue of $131,427,461 in principal amount of zero coupon unsecured non-convertible bonds due 2009 and 197,141,190 non-redeemable convertible cumulative preference shares completed on 4 July 2006.

(iii) Finance expenses (net)

	Group		
	2006 $'000	**2005 $'000**	**Change %**
Interest expense	(6,024)	(4,068)	48.1
Currency exchange (loss)/gain-net	(4,046)	4,302	(194.0)
	(10,070)	234	(4,403.4)

The net foreign currency exchange loss of $4.0 million for 2006 was due mainly to the revaluation of foreign currency net monetary assets resulting from the strengthening of the Singapore dollars against the United States dollars, Malaysia Ringgit and Renminbi. A substantial portion of these losses are unrealised.

(iv) Other expenses

	Group		
	2006 $'000	**2005 $'000**	**Change %**
Depreciation of property, plant and equipment	(6,043)	(5,728)	5.5
Wages/salaries/other relevant staff costs (mainly directors and administrative staffs)	(4,408)	(4,896)	(10.0)
Others	(4,202)	(4,230)	(0.7)
Other operating expenses	(14,653)	(14,854)	(1.4)

NM: Not meaningful

(v) Income tax expense

Amount of any adjustment for under or overprovision of tax in respect of prior years

There were net overprovisions of group taxation recorded for 2006 amounting to $302,000 in respect of prior years. The taxation charge is higher than the statutory income tax rate of 20% mainly due to certain expenses and provisions not deductible for tax purposes and the higher tax rate applied to the overseas joint ventures.
(31/12/2005: There was an overprovision of group taxation amounting to $344,000)

(vi) Discontinued operations

Following the completion of the disposal of Primefield Company Pte Ltd to DBS Bank Ltd (the "**Primefield Disposal**") on 30 September 2006, the Group has divested its IT and computer operations business. The net gain on disposal of Primefield Company Pte Ltd and the results of Primefield Company Pte Ltd and its subsidiaries are presented separately in the income statement as "Discontinued Operations". An analysis of the results of Discontinued Operations is as follows:

	Group		
	2006 $'000	**2005 $'000**	**Change %**
Sales	7,257	5,249	38.3
Cost of sales	(3,929)	(2,799)	40.4
Gross profit	3,328	2,450	35.8
Other income	95	25	280.0
Expenses			
- Selling and marketing	(84)	(82)	2.4
- Administrative	(83)	(62)	33.9
- Finance (net)	(771)	(682)	13.0
- Others	(3,095)	(4,225)	(26.7)
Loss before tax from discontinued operations	(610)	(2,576)	(76.3)
Income tax expense	(758)	-	NM
Loss after tax from discontinued operations	(1,368)	(2,576)	(46.9)
Minority interest	-	210	(100.0)
	(1,368)	(2,366)	(42.2)

The impact of the discontinued operations on the cash inflows/(outflows) of the Group is as follows:

	2006 $'000	**2005 $'000**
Operating cash flows	905	1,179
Investing cash flows	(339)	(1,037)
Financing cash flows	-	-
Total cash flows	566	142

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

ASSETS	Notes	Group 31/12/2006 $'000	Group 31/12/2005 $'000	Company 31/12/2006 $'000	Company 31/12/2005 $'000
Current assets					
Cash and cash equivalents		36,728	28,423	20,965	3,173
Trade and other receivables	1	9,247	9,158	8,931	78,343
Development properties		17,100	18,997	-	-
Inventories		490	792	-	-
Other current assets		371	694	62	129
		63,936	58,064	29,958	81,645
Development properties classified as held for sale		740	-	-	-
Investment property classified as held for sale	2	-	42,360	-	42,360
Property, plant and equipment classified as held for sale	3	13,396	-	-	-
		78,072	100,424	29,958	124,005
Non-current assets					
Trade and other receivables		11,062	10,119	21,266	22,949
Other investments		150	150	-	-
Investments in associated companies	4	7,219	23,017	-	1,643
Investments in subsidiaries	1	-	-	86,684	22,451
Investment properties		7,131	7,210	-	-
Property, plant and equipment	3	75,539	109,656	25	209
		101,101	150,152	107,975	47,252
Total assets		**179,173**	**250,576**	**137,933**	**171,257**
LIABILITIES					
Current liabilities					
Trade and other payables	5	18,436	28,110	949	7,069
Current income tax liabilities		1,785	3,056	75	200
Borrowings	6	2,244	32,321	-	-
		22,465	63,487	1,024	7,269
Non-current liabilities					
Borrowings	6	169,650	207,349	161,781	200,759
Deferred income tax liabilities		418	897	-	-
		170,068	208,246	161,781	200,759
Total liabilities		**192,533**	**271,733**	**162,805**	**208,028**
NET LIABILITIES		**(13,360)**	**(21,157)**	**(24,872)**	**(36,771)**
Capital and reserves attributable to the Company's equity holders					
Share capital	7	108,329	32,857	108,329	32,857
Share premium		-	71,529	-	71,529
Special reserve		8,529	8,529	12,471	12,471
Other reserves		(6,176)	3,397	-	9,569
Accumulated losses		(124,042)	(137,469)	(145,672)	(163,197)
		(13,360)	(21,157)	(24,872)	(36,771)
Minority interests		-	-	-	-
TOTAL EQUITY		**(13,360)**	**(21,157)**	**(24,872)**	**(36,771)**

Note:

1 The increase in the investment in subsidiaries was due to the capitalisation of certain loans to subsidiaries (previously classified as part of trade and other receivables) during the year.

2 Transfer of net book value of investment property to income statement upon the completion of sale of LKN Building on 3 January 2006.

3 The decrease in the Group's property, plant and equipment was mainly due to the Primefield Disposal, completed on 30 September 2006 and the reclassification of the net book value of Tristar Inn to current assets as property, plant and equipment held for sale.

4 Decrease in investments in associated companies was mainly due to the sale of shares in Hotel Equatorial (M) Sdn Bhd, completed on 20 June 2006.

5 The substantial drop in trade and other payables was mainly due to:
a) the deposit of approximately $4.3 million related to the sale of LKN Building entered in 2005 being transferred to income statement in 2006;
b) the write back of debts owing to certain creditors which amounted to $1.5 million; and
c) the deconsolidation of Primefield Company Pte Ltd and its subsidiaries upon the completion of the Primefield Disposal.

6 The reduction in borrowings under current liabilities was due to loan repayments, deconsolidation of borrowings pursuant to Primefield Disposal and reclassification of certain long term loans from current to non-current liabilities. The substantial drop in the borrowings under non-current liabilities was mainly due to the full redemption of secured bonds , certain loan repayments and partial redemption of series A and series B convertible redeemable preference shares amounting to about $183.9 million. At the same time, the Company has issued zero coupon unsecured non-convertible bonds of $131.4 million due July 2009 in July 2006.

7 Refer to further details in Section 1(d)(ii).

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand;
(b) the amount repayable after one year;
(c) whether the amounts are secured or unsecured; and
(d) details of any collaterals.

Amount repayable in one year or less, or on demand

	31/12/2006 $'000	31/12/2005 $'000
Secured	196	25,612
Unsecured	2,048	6,709

Amount repayable after one year

	31/12/2006 $'000	31/12/2005 $'000
Secured	7,865	178,452
Unsecured	161,785	28,897

Details of any collateral

The Group's secured long-term loan as at 31 December 2006 was secured on a joint venture's freehold land and building.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	2006 S$'000	**2005 S$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation and minority interest	11,334	1,658
Adjustments for:		
Income tax	2,060	1,998
Write off/ down of inventory	-	5
Provision for impairment of receivables/trade receivables written off	200	130
Write back of debts owing to creditors	(1,515)	
Write back of provision for impairment of receivables	(316)	(84)
Amount recovered from a subsidiary/ joint venture liquidated in prior years	-	(300)
Amount recovered from a subsidiary disposed in prior years	-	(290)
Share of results of associates	24	(299)
Depreciation of property, plant and equipment	7,116	7,348
Property, plant and equipment written off	8	25
Loss/(gain) on disposal of property, plant and equipment	170	(20)
Write-off of investment in an associate	-	30
Impairment loss of property, plant and equipment	11	-
Gain on disposal of investment property	(9,745)	-
Loss on liquidation of a subsidiary	-	5
Loss on disposal of associated companies (net)	1,277	-
Gain on disposal of subsidiaries (net)	(10,207)	-
Interest expense	6,902	4,894
Interest income	(1,328)	(774)
Allowance for anticipated losses on development properties	-	108
Write back of provision for warranty	(70)	-
Foreign exchange gain/(loss)-net	2,449	(4,339)
Operating cash flows before working capital changes	8,370	10,095
Changes in operating assets and liabilities		
Inventories	132	(53)
Construction work-in-progress	-	108
Development properties	1,395	1,269
Trade and other receivables	(278)	(2,776)
Trade and other payables	435	4,598
Cash generated from operations	10,054	13,241
Tax paid	(2,768)	(1,739)
Interest paid	(4,413)	(4,177)
Net cash generated from operating activities	2,873	7,325

	2006 S$'000	2005 S$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment in associates	16,909	-
Amount recovered from a subsidiary/ joint venture liquidated in prior years	-	300
Amount recovered from a subsidiary disposed in prior years	-	290
Net cash on sale/liquidation of subsidiaries and a joint venture	4,482	(7)
Legal fee and consultation fees in relation to the Primefield Disposal	(462)	-
Proceeds from redemption of preference shares in an associated company	584	-
Proceeds from disposal of property, plant and equipment	11	53
Proceeds from disposal of an investment property	42,536	-
Purchase of property, plant and equipment	(5,944)	(4,385)
Interest received	1,328	774
Dividends received	-	258
Net cash generated from/(used in) investing activities	59,444	(2,717)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue	135,370	-
Foreign exchange losses/(gains)-net	-	413
Repayment of borrowings	(183,887)	(696)
Net cash used in financing activities	(48,517)	(283)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,800	4,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	22,928	18,603
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	36,728	22,928
Less: Bank overdraft	-	(5,495)
	36,728	28,423

Note: The above cashflow includes activities for subsidiaries which have been disposed.

Net assets/(liabilities) disposed on sale/liquidation of subsidiaries were as follows:

	2006 S$'000	2005 S$'000
Property, plant and equipment	15,560	-
Other receivables and prepayments	408	-
Trade receivables	955	-
Cash and bank balances	(4,482)	7
Inventories	170	-
Borrowings	(13,274)	-
Trade and other payables	(10,405)	(2)
Net liabilities disposed	(11,068)	5
Foreign currency translation reserve transferred from shareholders' equity	(12)	(106)
Adjusted net liabilities disposed	(11,080)	(101)
Gain on disposal of subsidiaries/(loss) on liquidation of a subsidiary (net)	10,207	(5)
Add: bad debts written off arising from the Primefield Disposal	411	-
Add: legal and consultation fees in relation to the Primefield Disposal	462	-
Foreign currency translation reserve brought to exchange difference	-	106
	11,080	101
Cash proceeds received	-	-
Less: Cash and cash equivalents in subsidiaries disposed/liquidated (this includes overdrafts drawn by subsidiaries)	4,482	(7)
Net cash inflow/(disposed) on sale/liquidation of subsidiaries	4,482	(7)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<------ Attributable to equity holders of the Company ------>							
	Ordinary shares	Share premium	Preference shares	Special reserve	Capital and other reserves	Accumulated losses	Minority interest	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2006	**32,857**	**71,529**	**-**	**8,529**	**3,397**	**(137,469)**	**-**	**(21,157)**
Currency translation differences	-	-	-	-	(731)	-	-	(731)
Transfer of exchange translation reserve to income statement arising from the sale of an associate	-	-	-	-	11,098	-	-	11,098
Transfer of revaluation surplus to income statement arising from the sale of an investment property and an associate	-	-	-	-	(17,766)	-	-	(17,766)
Gain on dilution of investment/ premium attributable to minority interest arising from dilution of interest in AXS InfoComm Pte Ltd (AXS) due to issue of performance shares	-	-	-	-	-	2,093	(2,093)	-
Adjustments arising from the sale of equity in Primefield Company Pte Ltd	-	-	-	-	(81)	-	-	(81)
Net (losses)/gains recognised directly in equity	-	-	-	-	(7,480)	2,093	(2,093)	(7,480)
Net profit for the financial year	-	-	-	-	-	11,334	-	11,334
Total recognised (losses)/ gains for the financial year	-	-	-	-	(7,480)	13,427	(2,093)	3,854
Transfer of share premium to share capital (see 1d(ii))	71,529	(71,529)	-	-	-	-	-	-
Adjustment arising from the issue of performance shares by AXS	-	-	-	-	(2,093)	-	2,093	-
Issuance of non-redeemable convertible cumulative preference shares ("NCCPS")	-	-	3,943	-	-	-	-	3,943
Conversion of NCCPS	3,926	-	(3,926)	-	-	-	-	-
Balance at 31 December 2006	**108,312**	**-**	**17**	**8,529**	**(6,176)**	**(124,042)**	**-**	**(13,360)**

	<------ Attributable to equity holders of the Company ------>							
	Ordinary shares	Share premium	Preference shares	Special reserve	Capital and other reserves	Accumulated losses	Minority interest	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2005	**46,000**	**8,230**	-	**8,529**	**1,685**	**(176,664)**	-	**(112,220)**
Currency translation differences	-	-	-	-	(10)	-	-	(10)
Revaluation gain on investment property	-	-	-	-	1,760	-	-	1,760
Gain on dilution of investment/ premium attributable to minority interest arising from debt restructuring exercise	-	-	-	-	-	2,828	(2,828)	-
Net gains/(losses) recognised directly in equity	-	-	-	-	1,750	2,828	(2,828)	1,750
Net profit /(loss) for the financial year	-	-	-	-	-	1,868	(210)	1,658
Total recognised gains/ (losses) for the financial year	-	-	-	-	1,750	4,696	(3,038)	3,408
Adjustment after capital reduction exercise	(34,499)	-	-	-	-	34,499	-	-
Adjustment arising from debt restructuring exercise	-	-	-	-	(38)	-	38	-
Shares issued to bondholders under debt restructuring exercise	21,356	63,299	-	-	-	-	3,000	87,655
Balance at 31 December 2005	32,857	71,529	-	8,529	3,397	(137,469)	-	(21,157)

Company	Ordinary shares $'000	Share premium $'000	Preference shares $'000	Special reserve $'000	Capital and other reserves $'000	Accumulated losses $'000	Minority interest $'000	Total $'000
	<------ Attributable to equity holders of the Company					------>		
Balance at 1 January 2006	**32,857**	**71,529**	**-**	**12,471**	**9,569**	**(163,197)**	**-**	**(36,771)**
Transfer of revaluation surplus to income statement arising from the sale of an investment property	-	-	-	-	(9,569)	-	-	(9,569)
Net profit for the financial year	-	-	-	-	-	17,525	-	17,525
Total recognised (losses)/ gains for the financial year	-	-	-	-	(9,569)	17,525	-	7,956
Transfer of share premium to share capital	71,529	(71,529)	-	-	-	-	-	-
Issuance of non-redeemable convertible cumulative preference shares ("NCCPS")	-	-	3,943	-	-	-	-	3,943
Conversion of NCCPS	3,926	-	(3,926)	-	-	-	-	-
Balance at 31 December 2006	**108,312**	**-**	**17**	**12,471**	**-**	**(145,672)**	**-**	**(24,872)**

Company	Ordinary shares $'000	Share premium $'000	Preference shares $'000	Special reserve $'000	Capital and other reserves $'000	Accumulated losses $'000	Minority interest $'000	Total $'000
	<------ Attributable to equity holders of the Company					------>		
Balance at 1 January 2005	**46,000**	**8,230**	**-**	**12,471**	**7,809**	**(196,519)**	-	**(122,009)**
Adjustment after capital reduction exercise	(34,499)	-	-	-	-	34,499	-	-
Shares issued to bondholders under debt restructuring exercise	21,356	63,299	-	-	-	-	-	84,655
Net gains/(losses) not recognised in income statement	(13,143)	63,299	-	-	-	34,499	-	84,655
Revaluation gain on investment property	-	-	-	-	1,760	-	-	1,760
Net loss for the financial year	-	-	-	-	-	(1,177)	-	(1,177)
Total recognised (losses)/ gains for the period	(13,143)	63,299	-	-	1,760	33,322	-	85,238
Balance at 31 December 2005	**32,857**	**71,529**	**-**	**12,471**	**9,569**	**(163,197)**	**-**	**(36,771)**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(A) Movements in the Share Capital

The Company issued 197,141,190 non-redeemable convertible cumulative preference shares ("**NCCPS**") at an issue price of S$0.02 each on 4 July 2006.

During the year ended 31 December 2006, the Company issued 196,298,574 new ordinary shares pursuant to the conversion of 196,298,574 NCCPS at an issue price of S$0.02 each, thus bringing the total issued and paid up ordinary share capital as at 31 December 2006 to S$108,312,142.41 comprising 853,435,883 ordinary shares.

(i) Ordinary Shares	**Number of Shares**	**Share Capital (S$'000)**
Balance as at 1 January 2006	657,137,309	32,857
Transfer of share premium to share capital under the Companies (Amendment) Act 2005	-	71,529
New ordinary shares issued arising from the conversion of NCCPS	196,298,574	3,926
Balance as at 31 December 2006	853,435,883	108,312

(ii) NCCPS	**Number of Shares**	**Share Capital (S$'000)**
Balance as at 1 January 2006	-	-
Issue of NCCPS on 4 July 2006	197,141,190	3,943
Conversion of NCCPS to new ordinary shares	(196,298,574)	(3,926)
Balance as at 31 December 2006	842,616	17

(B) Redeemable Convertible Preference Shares ("RCPS")

During the year ended 31 December 2006, the Company redeemed an aggregate of 1,443,987 Series A RCPS and 8,580,241 Series B RCPS at their redemption amounts.

	Series A RCPS	**Series B RCPS**
Balance as at 1 January 2006	15,646,126	109,522,885
Number of RCPS redeemed	(1,443,987)	(8,580,241)
Balance as at 31 December 2006	14,202,139	100,942,644

In accordance with the Singapore Financial Reporting Standards ("FRS"), the outstanding Series A and Series B RCPS are classified as borrowings.

As at 31 December 2006, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS, Series A and Series B RCPS is 115,987,399 ordinary shares (31 December 2005: 125,169,011 ordinary shares).

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2006, the Group adopted the following revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. The adoption of the revised FRS or INT FRS is not expected to have a material impact on our financial statements.

FRS 19 (Amendment)	Employee benefit
FRS 21 (Amendment)	The effect of changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	2006	2005
Earnings/(loss) per share for results from continuing operations attributable to equity holders of the Company	¢	¢
(i) Basic earnings/(loss) per share Based on the weighted average number of Ordinary Shares on issue (YTD 2006: 678,657,671; YTD 2005: 569,368,970)	0.37	0.74
(ii) Diluted earnings/(loss) per share Based on the weighted average number of Ordinary Shares, NCCPS and Series A RCPS and Series B RCPS on issue (YTD 2006: 875,602,041; YTD 2005: 668,818,322)	0.28	0.63
Earning/(loss) per share for results from discontinued operations attributable to equity holders of the Company		
(i) Basic earnings/(loss) per share Based on the weighted average number of Ordinary Shares on issue (YTD 2006: 678,657,671; YTD 2005: 569,368,970)	1.30	(0.41)
(ii) Diluted earnings/(loss) per share Based on the weighted average number of Ordinary Shares, NCCPS and Series A RCPS and Series B RCPS on issue (YTD 2006: 875,602,041; YTD 2005: 668,818,322)	1.01	(0.35)
Total earnings per share attributable to equity holders of the Company		
(i) Basic earnings per share (YTD 2006: 678,657,671; YTD 2005: 569,368,970)	1.67	0.33
(ii) Diluted earnings per share (YTD 2006: 875,602,041; YTD 2005: 668,818,322)	1.29	0.28

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/006 $	31/12/2005 $	31/12/2006 $	31/12/2005 $
Net liabilities value per existing issued share	(0.02)	(0.03)	(0.03)	(0.06)

Note:
The net liabilities value per existing issued share is computed based on:-
(a) 853,435,883 issued Ordinary Shares at 31 December 2006
(b) 657,137,309 issued Ordinary Shares at 31 December 2005

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group reported a net attributable profit to equity holders of the Company of $11.3 million for the financial year ended 31 December 2006 ("**FY2006**"). This is a 506.7% increase over the $1.9 million net attributable profit achieved for the financial year ended 31 December 2005 ("**FY2005**") due mainly to the gains arising from the ongoing asset rationalization program undertaken by the Group to focus on its core businesses of hospitality, property development and investment holding.

Continuing Operations

The Group's turnover from continuing operations for FY2006 declined from $40.9 million to $35.4 million, representing a decrease of approximately 13.3%. This was due mainly to the completion of the sale of LKN Building and the closure of the construction business which contributed to a decrease in the total turnover of $5.1 million.

In FY2006, the hotel and restaurant sector recorded a marginal 0.7% decline or $0.2 million in turnover as compared to FY2005. The overall soft hospitality market in Shanghai and the two phases of room renovations carried out in Hotel Equatorial Shanghai ("**HES**"), completed in March 2006 for 208 rooms and August 2006 for 207 rooms, had caused a $1.7 million fall in revenue from Changning Equatorial Service Apartments and HES. However, this is partially offset by the $1.3 million growth in combined turnover from Hotel Equatorial Qingdao ("**HEQ**"), Tristar Inn Singapore and Hotel Equatorial Cameron which have all improved their businesses in FY2006 over FY2005 on the back of a rise in occupancy rate and average room rate.

The Group reported a profit before tax of $3.8 million from continuing operations for FY2006. This is 39.1% below the $6.2 million profit achieved in FY2005.

The net attributable profit for FY2006 is mainly supported by the substantial increase in other income arising from the ongoing asset rationalization program. These gains include gains on disposal of LKN Building and P.T. Taman Nongsa Indah Village (an associated company) amounting to $9.6 million and $0.6 million respectively. However, these gains were partially offset by the net loss on disposal of the 27.23% equity interest in Hotel Equatorial (M) Sdn Bhd amounting to $1.9 million. The increase of $0.5 million interest income in FY2006 over FY2005 and write back of provision for impairment of receivables and debts owing by the Group to creditors totaling $1.8 million also contributed to the increase in other income.

The Group incurred a higher interest expense of $6.0 million in FY2006 compared against $4.1 million in FY2005. This is due mainly to the higher interest accrued for the zero coupon unsecured non-convertible bonds issued in July 2006 ("**Unsecured Bonds**"). In addition, the Group has a net exchange loss of $4.0 million compared to a net exchange gain of $4.3 million recorded in FY2005. The net exchange loss recorded in FY2006 relates mainly to the unrealized exchange loss from the revaluation of foreign currency net monetary assets caused by the weakening of US dollar, Ringgit Malaysia and Renminbi against the Singapore dollar. The Company will continue to review the Group's exposure in its foreign currency net monetary assets and would consider the feasibility of hedging such exposure after taking into account the prevailing market conditions.

Discontinued Operations

Following the completion of the sale of Primefield Company Pte Ltd ("**Primefield**") to DBS Bank Ltd on 30 September 2006, the Group has divested its IT and computer operations business. In accordance with the Singapore Financial Reporting Standards, the gain on disposal of Primefield and the results of Primefield and its subsidiaries have been reclassified and presented separately on the income statement as "Discontinued Operations".

The gain on disposal of Primefield amounted to $10.2 million boosted the Group's performance in the current year. Primefield and its subsidiaries reported $1.4 million net loss for the current year up to its disposal on 30 September 2006. Overall, the Group's net profit from Discontinued Operations attributable to the shareholders for the year under review was $8.8 million compared to a net loss of $2.4 million recorded in FY2005.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the quarter ended 31 December 2006 under review is in line with expectations as previously disclosed in our results announcement for the 9 months ended 30 September 2006.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In December 2006, HES has commenced the renovation of its office tower and lounge bar, which have not been renovated since the hotel's opening in 1991. This renovation is expected to be completed by the end of February 2007. These renovations are not expected to have any major disruption to the hotel operations.

HEQ has also commenced the renovation of the remaining 188 superior rooms and this is expected to be completed before the end of February 2007.

Barring unforeseen circumstances, and excluding the contributions by Tristar Inn Singapore (to be further elaborated in the following paragraph), the Group expects the performance for the hotel and restaurant sector to improve in 2007. However, depending on the then prevailing trading conditions and management of the Group's finances, the said improvement if any, before taking into account the financial effects from the ongoing asset rationalization program, may not be able to offset a higher interest expense payable with respect to the Unsecured Bonds. As previously disclosed to shareholders, the Unsecured Bonds were issued pursuant to a rights issue principally to redeem the previous secured bonds ("**Secured Bonds**") issued in March 2005 so that (subject to any redemption rights (if applicable) of the redeemable convertible preference shares) the Group is able to conserve the value of its assets, without being subject to the periodic payment obligations under the Secured Bonds which obliged the Group to dispose of certain assets within a certain period of time to redeem, *inter alia*, the Secured Bonds. While the Company will manage its finances prudently, the increase in the interest expense from the Unsecured Bonds may be mitigated if and to the extent that any such bonds are redeemed by the Company at its discretion during this period with its surplus cash.

In December 2006, the Group granted options to third parties to purchase Tristar Inn and 2 adjoining shop units at 970 Geylang Road, Singapore for a combined purchase consideration of $19.16 million (the "**Disposals**"). The said options have since been exercised by the purchasers on 18 December 2006. The completion of the Disposals will take place on 12 March 2007 and the resultant profit from the Disposals will be taken up in the Group's income statement for the quarter ending 31 March 2007.

The Disposals are part of the Group's ongoing asset rationalization program to dispose of its non-performing and/or non-core assets. The Group intends to continue to dispose of its non-performing and/or non-core assets, though the pace may be slower than that experienced last year.

For this new financial year, other than trying to drive higher operating profitability from its existing assets portfolio, the Group will also direct more attention to pursue mergers and acquisitions opportunities, at the appropriate time, to grow the earnings base of the Group. Such business expansion opportunities, if materialised, may be funded by the Group's existing cash resources, additional borrowings and/or new fundings from shareholders.

As a substantial portion of the Group's current asset portfolio relates to hotel operations in China and Malaysia, it continues to be exposed to currency fluctuation risks.

11 If a decision regarding dividend has been made:-
(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None

(b)(i) Amount per share .... cents **(Optional) Rate: …… %**
(ii) Previous corresponding period ...... cents **(Optional) Rate: …… %**

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend is declared/ recommended for the year ended 31 December 2006.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 Segmented revenue and results for business segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

2006	Construction and related activities $'000	Hotel and restaurant operations $'000	Property development $'000	Investments $'000	Others $'000	Total for Continuing Operations $'000	Discontinued operations $'000
SALES:							
- external sales	19	33,483	1,534	406	1	35,443	7,257
- inter-segment sales	-	-	183	-	-	183	156
	19	33,483	1,717	406	1	35,626	7,413
Elimination						(183)	(156)
						35,443	7,257
Segment result	(832)	5,595	(129)	(1,429)	(25)	3,180	66
Other gains - net						11,719	95
Unallocated costs						(1,008)	-
						13,891	161
Finance expenses - net						(10,070)	(771)
Share of results of associated companies			(24)			(24)	-
Profit before income tax						3,797	(610)
Income tax expenses						(1,302)	(758)
Net profit after income tax						2,495	(1,368)
Gain on Disposal of subsidiaries						-	10,207
Net profit						2,495	8,839

2005	Construction and related activities $'000	Hotel and restaurant operations $'000	Property development $'000	Investments $'000	Other $'000	Total for Continuing Operations $'000	Discontinued operations $'000
SALES:							
- external sales	3,879	33,731	1,653	1,634	6	40,903	5,249
- inter-segment sales	-	-	183	44	-	227	374
	3,879	33,731	1,836	1,678	6	41,130	5,623
Elimination						(227)	(374)
						40,903	5,249
Segment result	565	5,370	(482)	(564)	(11)	4,878	(1,919)
Other gains - net						1,732	25
Unallocated costs						(911)	-
						5,699	(1,894)
Finance expenses - net						234	(682)
Share of results of associated companies			299			299	-
Profit before income tax						6,232	(2,576)
Income tax expenses						(1,998)	-
Net profit after income tax						4,234	(2,576)
Minority interest						-	210
Net profit/(loss)						4,234	(2,366)

	Revenue for continuing operations		Revenue for discontinued operations		Total Revenue	
	2006	2005	2006	2005	2006	2005
Geographical segments	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	3,060	7,524	7,256	5,067	10,316	12,591
Malaysia	5,102	4,974	-	-	5,102	4,974
Hong Kong	72	70	-	-	72	70
People's Republic of China	27,209	28,335	1	182	27,210	28,517
Consolidated	35,443	40,903	7,257	5,249	42,700	46,152

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15 A breakdown of sales.

	Continuing operations		Discontinued operations		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Sales reported for first half year	16,315	19,754	4,418	2,446	20,733	22,200
Sales reported for second half year	19,128	21,149	2,839	2,803	21,967	23,952
	35,443	40,903	7,257	5,249	42,700	46,152
Operating profit/(loss) after tax reported for the first half year	3,060	3,235	(395)	(1,265)	2,665	1,970
Operating profit/(loss) after tax reported for the second half year	(565)	999	9,234	(1,311)	8,669	(312)
	2,495	4,234	8,839	(2,576)	11,334	1,658

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:
(a) Ordinary
(b) Preference
(c) Total
Not applicable.

BY ORDER OF THE BOARD
Yeo Swee Gim, Joanne
Aw Siew Yen, Patricia
Company Secretaries

15 February 2007
Singapore