
Full Year Financial Statement And Dividend Announcement for the Period 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.

Consolidated Income Statement for the financial period ended 31 December 2006. These figures have not been audited.

Consolidated Income Statement	<----- Group ----->		Increase / (Decrease)
	31.12.2006	31.12.2005	
	S\$'000	S\$'000	%
Turnover	68	408	(83.3)
Cost of sales	(15)	(182)	(91.8)
Gross profit	53	226	(76.5)
Other operating income	16,975	7	242,400.0
Distribution and selling expenses	–	(19)	NM
Administrative expenses	(1,197)	(767)	56.1
Other operating expenses	(1,120)	–	NM
Financial expenses	(146)	(11)	1,227.3
Profit before taxation	14,565	(564)	NM
Taxation	51	856	(94.0)
Net profit for the year attributable to equity holders of the Company	14,616	292	4,905.5

NM – Not Meaningful

Other operating income

	Group	
	2006	2005
	\$'000	\$'000
Other income	–	6
Interest income	29	1
Gain on disposal of a subsidiary {note 1a (i)}	99	–
Waiver of debts by sundry creditors	490	–
Fair value adjustment on issuance of shares under SOA {note 1a (ii)}	1,578	–
Waiver of debts by creditors under SOA {note 1a (iii)}	14,779	–
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	16,975	7
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Note 1a (i)

During the year, the Group disposed off its 100% interest in a subsidiary through voluntary liquidation and a gain on liquidation of subsidiary of approximately \$99,000 is recognised.

Note 1a (ii)

This amount relates to the gain on fair value adjustment that arises from the difference between the issued price and the fair value of the share on completion of the issue of the scheme shares.

Note 1a (iii)

This relates mainly to the waiver of debts by creditors pursuant to the Scheme of Arrangement (“SOA”) between Hong Lai Huat Construction (“HLHC”), a wholly-owned subsidiary of the Company and creditors of HLHC included in the Scheme under section 210 of the Companies Act, for which a court order for the SOA was obtained on 19 January 2005 and the issuance of shares was completed on 4 August 2006.

Other operating expenses

	Group	
	2006	2005
	\$'000	\$'000
Exchange loss	1	–
Fair value adjustment on bank loan and debt conversion to shares {note 1a (iv)}	1,119	–
	<hr/>	<hr/>
	1,120	–
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Note 1a (iv)

During the year, the Group recognised the loss amounting to approximately \$1.1 million, arising from fair value adjustment on the bank loan and debt conversion to shares due to the difference between the fair value and the issue price of the shares. The bank loan and debt conversion to shares was completed on 2 August 2006.

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.

Balance Sheet	<----- Group ----->		<----- Company ----->	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Equity attributable to equity holders of the Company	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	31,916	10,000	21,977	10,000
Reserves	(25,845)	(30,063)	(14,680)	(13,913)
Share capital & reserves	<u>6,071</u>	<u>(20,063)</u>	<u>7,297</u>	<u>(3,913)</u>
<i>Represented by:</i>				
Non-current assets				
Fixed assets	33	99	24	99
Subsidiaries	–	–	100	1
Investment property	6,180	–	–	–
Current assets				
Trade receivables	545	–	–	–
Other receivables, deposits and prepayments	215	508	10	2
Due from subsidiaries	–	–	6,673	–
Development properties	4,063	–	–	–
Cash and bank balances	3,277	597	2,041	–
	<u>8,100</u>	<u>1,105</u>	<u>8,724</u>	<u>2</u>
Current liabilities				
Trade payables	26	16,736	16	22
Other payables and accruals	1,880	1,694	683	934
Due to subsidiaries	–	–	682	1,555
Due to a director	–	1,284	–	1,284
Hire purchase liabilities – current	43	47	42	47
Bank overdraft	728	60	–	–
Term loans – current	85	982	–	–
Provision for taxation	12	303	12	12
	<u>2,774</u>	<u>21,106</u>	<u>1,435</u>	<u>3,854</u>
Net current assets / (liabilities)	<u>5,326</u>	<u>(20,001)</u>	<u>7,289</u>	<u>(3,852)</u>
Non-current liabilities				
Hire purchase liabilities – non-current	(114)	(159)	(114)	(159)
Term loans – non-current	(5,352)	–	–	–
Deferred taxation	(2)	(2)	(2)	(2)
	<u>6,071</u>	<u>(20,063)</u>	<u>7,297</u>	<u>(3,913)</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.12.2006		As at 31.12.2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
856	–	1,089	–

Amount repayable after one year

As at 31.12.2006		As at 31.12.2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,466	–	159	–

Details of any collateral

As at 31 December 2006, the Group has interest-bearing loans and borrowings that were secured by the followings:

- Pledge of a motor vehicle for the obligation under finance lease commitment;
- Legal mortgage over the investment property and development property that were held by the Group;
- An assignment of all rights and benefits including rental income in respect of the investment properties held by the Group;
- An assignment of interest under sale and purchase and tenant agreements in respect of the development property or units thereon which includes assignment of sales proceeds of the units sold;
- Corporate guarantees by the Company on all the interest-bearing loans and borrowings.

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

Consolidated Cash Flow Statement	31.12.2006	31.12.2005
	S\$'000	S\$'000
Profit /(Loss) before tax	14,565	(564)
Adjustments:		
Interest costs	146	127
Depreciation of fixed assets	111	99
Fair value adjustment on issuance of shares under SOA	(1,578)	
Waiver of debts by creditors under SOA	(14,779)	–
Waiver of debts by sundry creditors	(490)	–
Gain on liquidation of a subsidiary	(99)	–
Fair value adjustments on bank loan and debt conversion to shares	1,119	–
Interest income	(29)	(1)
Operating loss before working capital changes	(1,034)	(339)
(Increase) /Decrease in:		
Trade and other receivables	(759)	103
Development properties	(4,063)	–
Increase in:		
Trade and other payables	972	29
Cash used in operations	(4,884)	(207)
Interest paid	(159)	(15)
Income tax refund, net	278	18
Interest income received	29	1
Net cash used in operating activities	(4,736)	(203)
Cash flow from investing activities		
Purchase of fixed assets	(44)	–
Purchase of investment property	(6,180)	–
Net cash used in investing activities	(6,224)	–
Cash flow from financing activities		
Proceeds from term loans	5,450	–
Repayment of term loans	(273)	–
Net payment to hire purchase creditors	(50)	(39)
Proceeds from issuance of new shares	7,845	–
Net cash generated from /(used in) financing activities	12,972	(39)
Net increase /(decrease) in cash and cash equivalents	2,012	(242)
Cash and cash equivalents at beginning of period	537	779
Cash and cash equivalents at end of period (A)	2,549	537

(A) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, consolidated cash and cash equivalents at the end of the period comprise the following:

	31.12.2006	31.12.2005
	S\$'000	S\$'000
Bank overdrafts	(728)	(60)
Cash and bank balances	3,277	597
	<u>2,549</u>	<u>537</u>

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.

Group	Share capital	Share premium	Accumulated losses	Capital reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2005	10,000	9,939	(41,186)	892	(20,355)
Net loss for the year	–	–	292	–	292
Balance at 31 December 2005 and 1 January 2006	10,000	9,939	(40,894)	892	(20,063)
Issuance of ordinary shares	11,977	–	–	–	11,977
Transfer to share capital	9,939	(9,939)	–	–	–
On share conversion (note 10(a))	–	–	–	(459)	(459)
Net profit for the year	–	–	14,616	–	14,616
Balance at 31 December 2006	<u>31,916</u>	<u>–</u>	<u>(26,278)</u>	<u>433</u>	<u>6,071</u>

Company	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Capital reserve \$'000	Total \$'000
Balance at 1 January 2005	10,000	9,939	(23,458)	–	(3,519)
Net loss for the year	–	–	(394)	–	(394)
Balance at 31 December 2005 and 1 January 2006	10,000	9,939	(23,852)	–	(3,913)
Issuance of ordinary shares	11,977	–	–	–	11,977
Transfer to share capital	9,939	(9,939)	–	–	–
On share conversion (note 10(a))	–	–	–	(459)	(459)
Net profit for the year	–	–	(308)	–	(308)
Balance at 31 December 2006	31,916	–	(24,160)	(459)	7,297

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.

During the year, the Group has successfully completed the Scheme and executed a restructuring exercise whereby pursuant to the Shareholders' Mandate obtained at the extraordinary general meeting held on 28 July 2006 the following shares were issued:

- The issue of up to 31,558,002 new shares in the capital of the Company at an issue price of S\$0.06 each ("Scheme Shares") in connection with the Scheme between a wholly-owned subsidiary of the Company, Hong Lai Huat Construction Pte Ltd ("HLHC") and creditors of HLHC included in the Scheme pursuant to section 210 of the Companies Act read with section 227X of the Companies Act, Chapter 50 of Singapore. Accordingly, approximately S\$15.78 million of the debts owing to the creditors of the Group was settled via this issue;
- The issue of 128,400,000 shares at an issue price of S\$0.01 per share in connection with the Debt Conversion whereby an approximately \$1.28 million of debts owing to an Ex-director and that was subsequently assigned to a third party. Accordingly, approximately S\$1.28 million of liabilities was settled via this issue;
- The issue of 95,461,733 shares at an issue price of S\$0.01 per share in connection with the Bank Loan Conversion whereby the loan of approximately S\$0.95 million owed by the Group to Malayan Banking Berhad was converted into shares in the capital of the Company at the issue price of S\$0.01 per share;
- The Private Placements whereby 600,000,000 shares were issued in the capital of the Company at the issue price of S\$0.01 per share to raise S\$6.00 million.

- The issue of 184,500,00 shares at an issue price of S\$0.01 pursuant to the Share Issue Mandate obtained, thereby raising a further \$1.85 million;

Saved as disclosed, there were no other shares issued during the year.

In accordance with the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of “par value” was abolished and therefore, the Shares of the Group and the Company ceased to have a par value. Accordingly, the amount in the share premium reserve had become part of the Group’s and the Company’s share capital.

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

The figures have not been audited nor reviewed by the 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 applied the same accounting policies and method of computation, set in the audited financial statements as at 31 December 2005 in preparation of the financial statements for current accounting period.

The new or revised Financial Reporting Standards (“FRS”) and Interpretations to the FRS that are applicable to the current financial year has no material effect on the financial statements for current accounting period.

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.

Not applicable

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.

	As at 31.12.2006	As at 31.12.2005
Earnings per share (cents)		
- Basic	2.49	0.15
- Diluted	2.49	0.15

Earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

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 ----->	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Net assets /(liabilities) backing per ordinary share based on existing share capital as at the end of the period reported on (cents).	0.49	(10.03)	0.59	(1.96)

Net asset/(liabilities) per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the number of shares in issue as at year-end.

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.

Existing Businesses

Turnover

The Group has minimal revenue generating operation in the current year. It recorded a 83.3% reduction in turnover from approximately \$408,000 in FY2005 to approximately \$68,000 in the current FY2006. The revenue was derived mainly from the rental income of the investment properties held by the Group.

Operating profit before tax and net profit after tax

In the current FY2006, the Group achieved an operating profit before tax and a net profit after tax attributable to shareholders of \$14.56 million and \$14.62 million respectively mainly due to the waiver of debts by the creditors under the Scheme of Arrangement ("SOA"). In the corresponding period last financial year, the Group incurred an operating loss before tax of \$0.56 million while it achieved a net profit after tax of \$0.29 million mainly due to the overprovision of income taxes in respective of prior years.

Distribution and selling expenses

There was no distribution and selling expense incurred in the current FY2006. The distribution and selling expenses incurred in the previous FY2005 were due to the under-provision of selling expenses for the development properties that were previously held by the Group and that was completely sold in FY2004.

Other operating income

The profit that were achieved in the current financial year arises mainly from the waiver of debts by the creditors that was recognized during the year arising from the successful completion of the

SOA whereby the Company has issued 31,558,002 new shares in its share capital at an issue price of S\$0.06 each in connection with the SOA between Hong Lai Huat Construction (“HLHC”), its wholly-owned subsidiary and creditors of HLHC included in the Scheme pursuant to section 210 of the Companies Act read with section 227X of the Companies Act, Chapter 50 of Singapore, for which a court order for the SOA was obtained on 19 January 2005. Accordingly, approximately \$16.36 million of debts waived were recognized in the profit and loss account.

Administrative expenses

The administrative expenses of the Group have increased 56.1% from approximately \$0.8 million in the previous financial FY2005 to approximately \$1.2 million in the current FY2006 mainly due to the resumption of the business operation of the Group after the successful completion of the restructuring exercise in mid-FY2006.

Other operating expenses

During the year, the Group recognised the loss amounting to approximately \$1.1 million, arising from fair value adjustment on the bank loan and debt conversion to shares due to the difference between the fair value and the issue price of the shares.

Taxation

The tax credit in the current FY2006 relates to overprovision of income taxes in respective of prior years.

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

Not applicable.

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.

Existing Business

The Group has, in mid-FY2006 successfully completed a restructuring exercise whereby it was able to relieve itself from the encumbrances of substantially all of its financial liabilities.

Pursuant to the restructuring exercise:

- The Company has issued 31,558,002 new shares in the capital of the Company at an issue price of S\$0.06 each (“Scheme Shares”) in connection with the Scheme between a wholly-owned subsidiary of the Company, Hong Lai Huat Construction Pte Ltd (“HLHC”) and creditors of HLHC included in the Scheme of Arrangement (“SOA”) pursuant to section 210 of the Companies Act read with section 227X of the Companies Act, Chapter 50 of Singapore. Accordingly, approximately S\$15.78 million of the alleged debts or approximately S\$16.67 million of the admitted debts owing to the creditors of the Group was settled via this issue;
- The Company has issued 128,400,000 shares at an issue price of S\$0.01 per share in connection with the Debt Conversion whereby an approximately \$1.28 million of debts owing to an Ex-director and that was subsequently assigned to a third party, was settled via this issue;

- The Company has issued 95,461,733 shares at an issue price of S\$0.01 per share in connection with the Bank Loan Conversion whereby the loan of approximately S\$0.95 million owed by the Group to Malayan Banking Berhad was converted into shares in the capital of the Company at the issue price of S\$0.01 per share;
- The Company raised S\$6.00 million from a Private Placements whereby 600,000,000 shares were issued in the capital of the Company at the issue price of S\$0.01 per share;
- The Company raised a further S\$1.85 million from the Mandate Share Placement whereby 184,500,000 shares at an issue price of S\$0.01.

Note 10a – Fair value adjustment on share conversion

As a result of the issue of the shares on the SOA, the Debt Conversion and the Bank Loan Conversion, the Group recognized in the profit and loss account, the gain of \$458,591 derived on the difference between the issue price of the shares and the fair value of the shares.

	At Issue Price	At Fair Value	Gain / (Loss)
	\$'000	\$'000	\$'000
Issue of Scheme Shares	1,893	315	1,578
Issue of shares on Debt Conversion	1,284	1,926	(642)
Issue of shares on Bank Loan Conversion	955	1,432	(477)
			<u>459</u>

Subsequent to the restructuring, the Group has made announcements that it acquires three properties at Geylang Road Singapore and a plot of land at Pereira Road Singapore for its investment and property development activities respectively.

Going forward

Going forward, the Group will continue with its existing core businesses in property development and construction and at the same time augment into the agricultural businesses.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

No.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

No applicable.

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

No dividend has been declared or recommended.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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

Business segments

The Group is organised into 3 main business segments, namely:

- Construction;
- Property development and real estate; and
- Others.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment liabilities do not include provision for taxation, deferred taxation and interest-bearing liabilities.

Inter-segment pricing is on terms agreed between parties.

Segment information

2006	Construction	Property development and real estate	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	3	65	–	–	68
Inter-segment sales	–	–	153	(153)	–
	<u>3</u>	<u>65</u>	<u>153</u>	<u>(153)</u>	<u>68</u>
Profit and loss					
Segment results	<u>16,340</u>	<u>(198)</u>	<u>(1,566)</u>	<u>135</u>	<u>14,711</u>
Financial expenses					<u>(146)</u>
Profit before taxation					14,565
Taxation					<u>51</u>
Net profit for the year					<u>14,616</u>

2006	Construction	Property development and real estate	Others	Group
	\$'000	\$'000	\$'000	\$'000
Other information				
Segment assets	<u>32</u>	<u>10,844</u>	<u>3,437</u>	<u>14,313</u>
Consolidated total assets				<u>14,313</u>
Segment liabilities	<u>31</u>	<u>146</u>	<u>1,729</u>	<u>1,906</u>
Unallocated liabilities				<u>6,336</u>
Consolidated total liabilities				<u>8,242</u>
Capital Expenditure	<u>–</u>	<u>6,182</u>	<u>42</u>	<u>6,224</u>
Depreciation	<u>–</u>	<u>1</u>	<u>110</u>	<u>111</u>

Segment information (cont'd)

2005 (Restated)	Construction	Property development and real estate		Elimination	Group
		\$'000	\$'000		
Revenue					
External sales	408	–	–	–	408
Profit and loss					
Segment results	(28)	(99)	(432)	3	(553)
Financial expenses					(11)
Loss before taxation					(564)
Taxation					856
Net profit for the year					292

2005 (Restated)	Construction	Property development and real estate		Others	Group
		\$'000	\$'000		
Other information					
Segment assets	589	6	102		697
Unallocated assets					506
Consolidated total assets					1,203
Segment liabilities	(17,136)	(148)	(2,430)		(19,714)
Unallocated liabilities					(1,552)
Consolidated total liabilities					(21,266)
Depreciation	–	–	99		99

The activities of the Group are mostly derived from business operations in Singapore. Accordingly, it is not meaningful to present segmental reporting by geographical markets.

Note: During the year, PDC Investments Pte Ltd, a wholly-owned subsidiary of the Company changed its principal activity from investment holding to property development, and accordingly, was re-classed from the "Other" division to the "Property Development and Real Estate" division. During the same year, RC Industrial Development Pte Ltd, who is also a wholly-owned subsidiary of the Company, was re-classed from the "Other" division to the "Property Development and Real Estate" division to better reflect its nature of business activity.

Accordingly, the segmental information for FY2005 was restated as a result of the changes in FY2006 as mentioned above.

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

Please refer to paragraph 8.

15. A breakdown of sales.

		<----- Group ----->		% Change
		Year ended 31 Dec 2006	Year ended 31 Dec 2005	
		S\$'000	S\$'000	
15(a)	Sales reported for the first half year	3	146	(97.9)
15(b)	Operating profit after taxation for the first half year	(368)	441	NM
15(c)	Sales reported for the second half year	65	262	(75.2)
15(d)	Operating profit after taxation for the second half year	14,984	(149)	NM

NM: Not Meaningful

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

There was no dividend paid or declared in the current full year and previous full year.

BY ORDER OF THE BOARD

**MAH PEEK SZE PATSY
EXECUTIVE DIRECTOR**